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(SESSION 1947)

(HOUSE OF COMMONS)

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(STANDING COMMITTEE)

(ON)

# PUBLIC ACCOUNTS

## MINUTES OF PROCEEDINGS AND EVIDENCE

No. 1

### BILL No. 22—AN ACT TO CONTINUE THE REVISED REGULATIONS RESPECTING TRADING WITH THE ENEMY (1943)

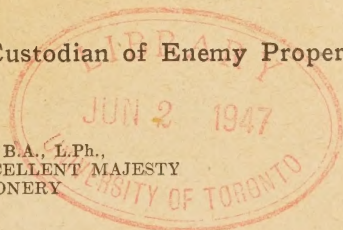
MONDAY, APRIL 28, 1947  
TUESDAY, APRIL 29, 1947

WITNESS:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947







## ORDERS OF REFERENCE

HOUSE OF COMMONS,

THURSDAY, 13th February, 1947.

Resolved,—That the following Members do compose the Standing Committee on Public Accounts:

Messrs.

Arsenault,	Fournier ( <i>Hull</i> ),	Kirk,
Beaudry,	Fournier ( <i>Maisonneuve-Rosemont</i> ),	McCubbin,
Black ( <i>Yukon</i> ),	Fraser;	Marshall,
Boucher,	Gibson ( <i>Comox-Alberni</i> ),	Maybank,
Bradette,	Gladstone,	Picard,
Burton,	Golding,	Pinard,
Case,	Grant,	Raymond ( <i>Wright</i> ),
Cleaver,	Green,	Probe,
Cockeram,	Hamel,	Richard ( <i>Gloucester</i> ),
Cote ( <i>Verdun</i> ),	Harris ( <i>Danforth</i> ),	Rinfret,
Cloutier,	Homuth,	Rowe,
Cruikshank,	Howe,	Smith ( <i>Calgary West</i> ),
Dechene,	Isnor,	Stewart ( <i>Winnipeg North</i> ),
Denis,	Jackman,	Stuart ( <i>Charlotte</i> ),
Diefenbaker,	Jaenicke,	Thatcher,
Dionne ( <i>Beauce</i> ),	Johnston,	Warren,
Ferguson,		Winkler—50.

(Quorum 15)

Ordered,—That the Standing Committee on Public Accounts be empowered to examine and inquire into all such matters and things as may be referred to them by the House; and to report from time to time their observations and opinions thereon, with power to send for persons, papers and records.

TUESDAY, February 25, 1947.

Ordered,—That the Public Accounts and the Report of the Auditor General for the fiscal year ended March 31, 1946, be referred to the said Committee.

WEDNESDAY, 26th March, 1947.

Ordered,—That the name of Mr. Fleming be substituted for that of Mr. Rowe on the said Committee.

MONDAY, 14th April, 1947.

Ordered,—That Bill No. 22, an Act to continue the Revised Regulations respecting Trading with the Enemy (1943), be referred to the said Committee.

MONDAY, 28th April, 1947.

Ordered,—That the said Committee be empowered to print, from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

*Ordered*,—That the quorum of the said Committee be reduced from 15 to 10 members, and that Section 1(e) of Standing Order 63 be suspended in relation thereto.

*Ordered*,—That the said Committee be granted leave to sit while the House is sitting.

*Attest.*

ARTHUR BEAUCHESNE,  
*Clerk of the House.*



REPORTS TO THE HOUSE

MONDAY, April 28, 1947.

The Standing Committee on Public Accounts begs leave to present the following as a

FIRST REPORT

Your Committee recommends:

1. That it be empowered to print, from day to day 500 copies in English and 200 copies in French of its minutes of proceedings and evidence, and that Standing Order 64 be suspended in relation thereto.

2. That its quorum be reduced from 15 to 10 members, and that Section 1(e) of Standing Order 63 be suspended in relation thereto.

3. That it be granted leave to sit while the House is sitting.

All of which is respectfully submitted.

GORDON B. ISNOR,  
*Chairman.*

MONDAY, April 28, 1947.

The Standing Committee on Public Accounts begs leave to present the following as a

SECOND REPORT

Your Committee recommends that it be empowered to inquire into, and report upon, the administration of all regulations respecting Trading with the Enemy made since the tenth day of September, 1939.

All of which is respectfully submitted.

GORDON B. ISNOR,  
*Chairman.*



## MINUTES OF PROCEEDINGS

MONDAY, April 28, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m.

*Members present:* Messrs. Boucher, Burton, Case, Cleaver, Dechene, Diefenbaker, Fleming, Gibson (*Comox-Alberni*), Gladstone, Golding, Isnor, Jackman, Johnston, Marshall, Probe, Rinfret, Smith (*Calgary-West*), Warren, Winkler.

*In attendance:* Hon. C. W. G. Gibson, Secretary of State.

On motion of Mr. Golding:—

*Resolved*,—That Mr. Gordon B. Isnor be Vice-Chairman.

Mr. Isnor took the Chair.

The Clerk read the Orders of Reference.

On motion of Mr. Dechene:—

*Resolved*,—That the Committee recommend that it be empowered to print, from day to day, 500 copies in English and 200 copies in French of its minutes of proceedings and evidence.

On motion of Mr. Gibson:—

*Resolved*,—That the Committee ask leave to sit while the House is sitting.

On motion of Mr. Burton:—

*Resolved*,—That the Committee recommend that its quorum be reduced from fifteen to ten members.

On motion of Mr. Golding:—

*Resolved*,—That a steering committee be appointed to consist of the following members, viz.: the Chairman, the Vice-Chairman and Messrs. Burton, Fleming, Gibson (*Comox-Alberni*), Marshall and Stuart (*Charlotte*).

Mr. Gladstone suggested that economies might be effected if fewer copies of committee proceedings and evidence were printed. The Vice-Chairman promised that he would make inquiries and report his findings to the Committee.

The Hon. Mr. Gibson addressed the Committee regarding Bill 22, An Act to continue the Revised Regulations respecting Trading with the Enemy (1943).

On motion of Mr. Smith:—

*Resolved*,—That the Committee recommend that its Order of Reference be extended to include inquiry into the administration of the Regulations respecting Trading with the Enemy; and that the drafting of the recommendation to the House and the question of procedure be referred to the Steering Committee.

At 12 o'clock noon the Committee adjourned to the call of the Chair.



TUESDAY, April 29, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor, presiding.

*Members present:* Messrs. Boucher, Burton, Case, Cleaver, Cookeram, Cote (*Verdun*), Fleming, Gibson (*Comox-Alberni*), Gladstone, Golding, Hamel, Isnor, Marshall, Probe, Raymond (*Wright*), Smith (*Calgary-West*), Stewart (*Winnipeg-North*), Stuart (*Charlotte*), Thatcher, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property.

The Vice-Chairman presented the First Report of the Steering Committee, which is as follows:—

Your Steering Committee met on Monday, April 27, and begs to submit the following as a First Report:—

In accordance with a resolution of the Committee passed on April 27, your Steering Committee has instructed the Chairman to present the following report to the House:—

Your Committee recommends that it be empowered to inquire into, and report upon, the administration of all regulations respecting Trading with the Enemy made since the tenth day of September, 1939.

It is recommended that the Committee proceed immediately to consideration of Bill 22, An Act to continue the Revised Regulations respecting Trading with the Enemy (1943); that the schedule to the Bill be first taken up and then the clauses, and that the Deputy Custodian, Dr. E. H. Coleman, C.M.G., be heard today.

On motion of Mr. Cookeram:—

*Resolved*,—That the First Report of the Steering Committee be concurred in.

The Committee proceeded, accordingly, to consider the Schedule of Bill No. 22, An Act to continue the Revised Regulations respecting Trading with the Enemy.

Dr. Coleman was called, heard and questioned.

Paragraph 1. Adopted with the exception of subparagraph (*k*), which stood over.

Paragraph 2. Adopted.

Paragraph 3. On motion of Mr. Fleming, subparagraphs (*e*) and (*f*) were deleted, and the paragraph was adopted as so amended.

Paragraphs 4 and 5. Adopted.

The Committee adjourned until Thursday, May 1, at 11.30 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*

## MINUTES OF EVIDENCE

### HOUSE OF COMMONS

April 28, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Gentlemen, we have here this morning, the Honourable Mr. Gibson, who has some remarks to make to you with respect to bill 22. If it is your pleasure we will now hear Colonel Gibson.

Mr. FLEMING: Mr. Chairman, in your remarks you have mentioned only bill 22. Colonel Gibson can correct me if I am wrong, but my understanding is that along with the bill there was the auditor's report, and the report of Mr. Mathieu, the assistant, or deputy custodian.

The VICE-CHAIRMAN: I think I have a copy of the order of reference in connection with that and it refers to the bill only.

MONDAY, 14th April, 1947.

*Ordered*—That Bill No. 22, an Act to continue the Revised Regulations respecting Trading with the Enemy (1943), be referred to the said Committee.

ATTEST.

ARTHUR BEAUCHESNE,  
*Clerk of the House.*

I will check on that but perhaps the minister could clear it up.

Hon. Mr. GIBSON: Mr. Fleming is quite right, and I think we would be glad to have the whole matter considered. I would like to say a few words here with regard to this bill. As you know, the powers under which the custodian deals with enemy property were passed under the War Measures Act which expires on the 15th of May. Now I would like the committee to consider the matter as rapidly as possible so that we can get the bill reported or get it passed before that date. Otherwise Mr. Ilsley will have to ask for an extension of the transitional powers that will enable the custodian to control enemy property until such time as permanent legislation is provided. I do not know whether it can be done but I suggest that you examine the regulations at an early date and go into the setup of the custodian's office to whatever extent you feel desirable, and, if necessary, have the reference of this committee extended so that the whole setup of the custodian's office can be thoroughly examined. As you know there has been very little publicity given that office during wartime for obvious reasons but I now have the officials here. I have brought Mr. Shears down from Vancouver. He is in charge of the Vancouver office and I hope it will be possible to examine him at an early date. He has been here about a week now and is an extremely busy man in Vancouver. He is in charge of all the Japanese business out there. I hope therefore, that he can be heard early in your sessions in order that he may go back to Vancouver. Of course, he will stay here until he can be heard. Also, Doctor Coleman, the deputy custodian,

and Mr. Mathieu, the assistant deputy custodian, will be here to deal with things since the start of the war, and to answer any questions with respect to their operations since the start of the war. They will cover the procedure adopted in carrying on the work of the custodian. As you know, there have never been any accounts filed in the House. I do not think that it was desirable to do that while the war was on but I see no reason why the accounts should not be filed annually now. The accounts are audited by private firms and they have been audited by private firms since the custodian's office was first formed in 1920. I feel it is a matter that the Auditor General should take over and I have arranged with him that he will, for the year 1947, and continuously thereafter, do the auditing of the custodian's office. I do not think there is anything more that I want to say except, if possible, we would like to get the bill reported as soon as possible even if the entire work of the committee cannot be completed in the short time that remains until May 15.

The VICE-CHAIRMAN: Thank you, Colonel Gibson. You have heard the statement by the minister, and there are two courses open as I see it, gentlemen. One is to proceed with the bill and come back for a thorough overhauling and discussion with regard to the custodian's methods of carrying on; and also we could hear witnesses in connection with that overhauling; and the other course is to refer the matter to the steering committee for them to decide as to the procedure we should follow.

Mr. SMITH: I move that be done. I think it is the way it should be handled in order that we might get along faster.

The VICE-CHAIRMAN: That is you mean we should refer it to the steering committee.

Mr. SMITH: Yes.

Mr. FLEMING: Mr. Chairman, could the steering committee also consider asking the House to extend the terms of reference so that in view of the rather limited terms that exist now the reference might be enlarged to include questions of the accounts and the administration of the office of the custodian.

The VICE-CHAIRMAN: I think so, but it is a matter for the committee to decide. Would Mr. Smith be good enough to include that in his motion?

Mr. SMITH: I was assuming that is the way it would be put forward.

The VICE-CHAIRMAN: You have heard the motion by Mr. Smith, seconded by Mr. Fleming, that the matter of procedure be referred to the steering committee for action.

Carried.

The VICE-CHAIRMAN: Those are the items of business for this morning gentlemen. Now, instead of immediately referring this matter to the steering committee, may I have an expression of opinion as to what days would be suitable to the members of the committee for our further sittings. There are a large number of committee meetings being held.

(Discussion on this point followed.)

The meeting adjourned at 12.00 o'clock to be reconvened at the call of the chair.



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

April 29, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. G. B. Isnor, presided.

The VICE-CHAIRMAN: Gentlemen, we have our quorum and we can proceed.

Immediately following the meeting of the main committee yesterday we had a meeting of the steering committee and I shall now ask the clerk to present the report of the steering committee.

(See minutes of proceedings)

Dr. E. H. COLEMAN, K.C., C.M.G. (Under-Secretary of State): Mr. Chairman, I do not like to interrupt, but I should point out that the first regulation was made on the 2nd of September, 1939.

The VICE-CHAIRMAN: Subject to amendment in that respect shall the report of the steering committee be adopted?

Carried.

And now, gentlemen, we have with us as arranged by the steering committee Dr. E. H. Coleman, Under-Secretary of State, who appears before this committee in his capacity of Deputy Custodian of Enemy Property. Is it your pleasure that we now hear Dr. Coleman?

Agreed.

May I suggest, as was brought out at the steering committee meeting yesterday, that Dr. Coleman be allowed to proceed to complete his statement before questioning.

**Dr. E. H. Coleman, C.M.G., K.C., Under-Secretary of State and Deputy Custodian of Enemy Property, called:**

The WITNESS: Mr. Chairman, the short title of this bill is "The Trading with the Enemy (Transitional Powers) Act". Every member of the committee is of course familiar with the fact that no definitive treaties of peace have yet been agreed upon with respect to the principal enemies, Germany and Japan; and that the treaties with the so-called satellites have not yet been ratified. In 1918 the Armistice which was agreed upon came into force on November 11th and the treaty of Versailles was signed on the 28th of June, 1919, a period of less than eight months. Had conditions permitted similar expedition regarding the recent war I have no doubt the department would not have presented this particular piece of legislation but through the ratification of related treaties by parliament would have given effect to those treaties and provided for the setting up of machinery to take care of any obligations imposed on Canada by such treaties.

When war broke out in 1939 there was in existence a custodian's office set up under the treaty of peace German order of 1920, and similar orders related to Austria, Bulgaria and Turkey. It had a very small staff and was engaged in an endeavour to clear up the loose ends which remained after the treaty of Versailles and the subsequent arrangements relating to reparations with Germany. You may think it is somewhat extraordinary that nearly twenty

years after the close of the last war there should be even such a small staff as three or four people engaged in that task; but I have been told by my distinguished predecessor, the late Mr. Mulvey, that when he was in England in 1934 or 1935, he was visiting the Board of Trade Offices and remarked that he was rather worried that we had not been able to complete all transactions. An official of that department took him into an adjoining room and pointed to two or three gentlemen working away at ledgers and said, "You will be interested to know that these gentlemen are winding up affairs relating to the Crimean war which ended seventy-four years ago".

I think we have already remarked in our report, Mr. Chairman, that the Canadian government did not wait until the outbreak of war to pass under the War Measures Act regulations respecting trading with the enemy. You may recall that the War Measures Act provided a power in the governor in council to take measures in the case of war or apprehension of war, and that a proclamation was issued I think about the last day of August, 1939, declaring that there was a period of apprehended war, and various orders in council of great importance touching on the security of the state were passed before the actual declaration of war on September 10.

In 1938 the Hon. Mr. Rinfret, then Secretary of State and Custodian, and I happened to be in Europe at the time of the trouble which ended in the short settlement of Munich. I think he knew, and I knew, the shape things were taking and we were impressed with the possibility of the outbreak of war, with the result that we gave some earnest thought to measures which might be necessary in connection with property of enemies, the economic phases of war. As members of the committee know there were set up various interdepartmental committees to advise the government as to measures and steps which it might be desirable for them to take in the event of a sudden outbreak. I happened to be chairman of the interdepartmental committee on enemy property and trading with the enemy. We discovered in examining the records of the war 1914-18 that the code, if you might so describe it, which was in force at the end of the war had been built up by piece-meal orders as necessity arose, and the consequence was that after looking at these carefully, as experts could,—and the committee comprised experts from the various branches of the government—it was decided that we should endeavour to avoid that policy and to recommend that whatever necessary powers should be taken should be taken in one order following the outbreak of war.

There were during the war several amendments and consolidations of the orders, but the basis of them are the orders in council which were in force in 1918 in the light of the experience of that war. There were certain features however in which the order brought in in December of 1939 differed. One feature was the provision for the automatic vesting in the Custodian of Enemy Property, there was a provision which still is in, that enemy property is vested in the custodian without any necessary procedures or steps being taken. The only other country in the war which has this feature is India, which copied the Canadian regulations. Now, there is no provision for automatic vesting in the legislation of the United Kingdom or in the legislation or regulations of the United States, but the difference is more nominal than real because the United Kingdom regulations conferred on the President of the Board of Trade, who is a minister, the power to make a vesting order; and the regulations respecting trading with the enemy in the United States confer a similar power on the custodian of alien property, permitting him to make a similar order, and many of these orders have been made; that is, there is no recourse in other countries to any outside authority. Our regulations, of course, also provide an additional one, that the custodian may, if he desires and there is question, apply to the Exchequer Court for a vesting order. There is a great advantage

in the automatic vesting procedure, and a great protection which we have now discovered, to the people of a friendly country which is over-run by the enemy. the Germans were quite well aware of that the time they over-ran Belgium, Luxemburg and Holland. The business man or banker in those countries who happened to have in his portfolio let us say for example 1,000 shares of International Nickel, a Canadian corporation, had nothing which would be any use to the enemy, and the enemy, Germany, knew that any shares registered in the name of a person in such countries were vested in the Canadian custodian and that the International Nickel company were precluded from recognizing any assignment which might be presented to them with respect to such shares. In other words, there was no use in putting a pistol to the head of a Netherlander, a Dutchman, or a Belgian, and compelling him to endorse a certificate and then endeavouring to pass it and realize on it through a neutral country.

I would not be candid with the committee if I did not say with all respect that in administering the regulations we had this difficulty between the years 1931 and December 1941. The United States was officially neutral and, as I think I will be able to explain in a moment, while we had shall I say suspicions of enemy interest in certain companies or firms operating in the United States yet at the head office we could not in any way interfere with the property of an enemy in a neutral country, unless we had very direct and definite proof which would satisfy United States authorities. After the war broke out in September, 1939, it was discovered that there was not a terrific amount of German enemy property in this country.

There is a point which I think perhaps I should make clear at this stage. The mere fact that a man living in Canada was a German national did not make him an enemy within the scope of these regulations, did not bring his property within the net of the custodian, because one of the orders made under the War Measures Act was one assuring enemy aliens who were peaceful and law-abiding and guilty of no misconduct while they were in this country of security of their person and property subject to regulations necessary under the circumstances. There has been not a great deal of German property directly in this country. I think there was only one operating plant; a plant which by the way operated during the war and supplied certain needed material for the armed services, and which it is now alleged at this late date is owned by a neutral, Switzerland; something which I fancy the claimant will have to prove very definitely before anything will be released to him. There were one or two machinery houses, particularly in the large cities of Canada, such as Montreal, Toronto, Winnipeg, Vancouver and the like, where they had started small businesses in the supply of engines and I think possibly some X-ray equipment, where they had sold these goods to purchasers in Canada, in many cases on credit instalments and with the undertaking that they would service the equipment for a period of five or ten years—that became an anomalous problem as it was quite apparent that they could not service the equipment nor collect payments from the purchasers. That has brought both the purchaser and the government a great deal of trouble.

Then there was another, and I mention it merely because it is a thing which is most likely to be mentioned to a number of members of parliament, and I quite understand it; the Hamburg-American and the North German Lloyd, two of the large German steamship companies had agencies in one or two Canadian cities and any residents of Canada who desired to bring let us say members of their family from the continent had entered into contracts with these large German steamship companies for the purchase of prepaid tickets. In some cases they had paid very considerable amounts of money for the prepaid tickets for relatives in some part of Europe to be brought out by one of the German ships. When we came in we discovered that these ticket agencies were mere



shells in that the custom was that the manager of that agency took the day's receipts which were paid to him by the customers, if you like, and immediately remitted them to the regional agency of the line in New York, in the United States, with the result that all the custodian had was a few sticks of office furniture and equipment, but absolutely no money because of their practice of remitting direct to the head office in New York instead of depositing with the local bank. We made representations through diplomatic channels and otherwise to the United States alien property custodian who took over the New York offices, suggesting that it would be a very gracious thing on his part if he could see his way clear to recognize the Canadian claims, in view of the fact that this Canadian money finally reached him. The alien property custodian, however, found his hands tied by virtue of the legislation of the United States which prevent him recognizing claims from anyone resident outside the borders of the United States unless they are American citizens, something over which we had no control.

In April 1940 came the invasion of Denmark and Norway over-night which made a considerable expansion of work; but it was relatively slight compared to the situation which arose on May 10, 1940, when members of the committee will recall the Netherlands were invaded and the despatches of the first few days indicated that the armies of Holland itself were resisting the invaders but there was no authentic information as to how much territory had been over-run or occupied by the enemy. On the other hand, it was realized, particularly in Amsterdam and in Brussels, there were people holding very considerable amounts of Canadian securities and it was decided rather than to describe these territories as enemy territories or enemy-occupied territories as they are under the English regulations to describe them under a new heading of proscribed territories. That is defined here as meaning:

(c) "Proscribed territory" means any area in respect of which the Governor in Council, by reason of real or apprehended hostilities or otherwise, has ordered the protective custody of property of persons residing in that area or the regulating of trade with such persons, or both.

In June of 1940 came the most severe blow in the fall of France, which as you all know had very extensive financial relations with Canadian enterprise; and Italy entered the war.

In the summer of 1941, the situation from our point of view was alleviated in that the United States made its freezing orders against Germany, and Japan,—Italy and Japan. In December of 1941 the attack on Pearl Harbor occurred, the United States entered the war and our declaration of war against Japan was made. We realized then that any business relations with Japan were very largely centered on the Pacific coast and it would be very inconvenient to the public and to everyone else, to have this work channelled entirely through the Ottawa office and therefore we set up a very small office in Vancouver. This office, I think, opened on December 10, 1941, Pearl Harbor having been attacked on December 7. An experienced officer was sent by air to open this small office. I want to make it clear that this office in Vancouver was not dealing entirely with enemy property of the type belonging to Japanese evacuees or Japanese who were later evacuated. That was extraneous matter of which you will hear more. What I wish to point out here is that the bill presently before the committee does not relate in any way to the property of those evacuated Japanese. The situation with respect to them is covered by legislation, by the order in bill 104 presently before the House of Commons.

In concluding these rather rambling and probably tedious remarks, Mr. Chairman, I think it is only right that I should tell the committee that the work of the custodian's office has been greatly facilitated by the cooperation which the officers had from banks, trust companies, business men, and individuals of all kinds throughout Canada.

In 1939 an advertisement was issued giving the substance of the regulations requiring people who had dealings with the enemy involving money to report, and there seemed to be almost 100 per cent degree of cooperation. I think in all that time, although there have been rather wide powers in the regulations, we have only had two or three prosecutions and I am inclined to think in at least one of those cases the individual erred through ignorance rather than design and the court must have had the same impression for it imposed a nominal fine. We have had great cooperation from the departments and agencies of the government, the Department of External Affairs, the Department of Trade and Commerce, the present Department of Reconstruction and Supply, the Department of Justice and the Royal Canadian Mounted Police. I should also mention the Department of Finance, the Foreign Exchange Control Board, the Bank of Canada, Department of Insurance, the army, and the Royal Canadian Navy. Finally I have to pay a tribute, a very well deserved tribute, to the men and women employed in the staff who were taken and thrust into situations they had never contemplated. They had to deal in emergencies with questions which were complex and which contained many ramifications. On their behalf I would like to say, as deputy custodian throughout the entire period, that, while I am quite conscious of the fact there have been errors in judgment and that hindsight is a great deal better than foresight in many of these matters, I feel quite confident that on the part of no member of the staff has there been any serious dereliction of duty and that they have assiduously and conscientiously devoted themselves to their duty. During the period I have been connected with the office there have been seven custodians. The first was the late Mr. P. H. Cahan, who devoted a good deal of work to the expediting of winding up certain affairs. He had something to do with the negotiations with respect to the sealing down of reparations as provided for by the Versailles Treaty; the late Mr. Rinfret, who died almost on the eve of the war; the late Mr. Lapointe, who was acting custodian and secretary of state when the war broke out and for the first nine months of the war; Mr. Justice Casgrain, still living; the late Mr. McLarty, who paid day to day attention to its work from December, 1941 until his retirement in 1945; the former secretary of state Mr. Martin, who came in after hostilities had ended; the present custodian Mr. Gibson.

Now, Mr. Chairman, yesterday I understood that it was decided to go through the schedule and to, in all probability, defer the detailed discussion on administration. However, if any member of the committee has any question which he thinks he would like to ask on a general point I would be glad to deal with it now. If the members are dealing with particular cases I think it would be preferable that we have notice and an opportunity to consult nearly 70,000 files which are in our office. As you will see the transactions now cover a period of nearly eight years. I would not like to speak offhand, although my memory is reasonably good, as to the details of any particular transaction.

The VICE-CHAIRMAN: Gentlemen, you have heard this very interesting recital. Doctor Coleman referred to it as rambling remarks but I would say it has been an interesting story, as interesting as any written by either Upton Sinclair or Philip Gibb, and is perhaps more useful because it is based on fact. What is your wish? Shall we go on immediately with this schedule or are there any questions arising out of the statement made by Doctor Coleman that have direct bearing on the schedule?

Mr. BURTON: Mr. Chairman, if you will allow me, I first want to express my personal appreciation for having an opportunity of hearing the story to which you have just referred, presented to us by Doctor Coleman. For those of us who have not had an opportunity to be closely in contact with his department, it gives us a considerable background to work on. I also appreciate the closing remarks that Doctor Coleman made in that he would be prepared to deal



with that part before going into the regulations or the schedule. I think myself any general remarks in so far as his statement is concerned would much better be made now than later on when we deal with different clauses of the schedule and in that connection I have a question or two that I would like to ask. Doctor Coleman's statement has been made to us as a general review of the work of the department for a considerable number of years. Now, I think the committee should have some idea as to the amount of property still in the hands of the custodian, the number of persons involved, and the number of firms that would be involved. And then having put this question I possibly would be allowed just one step further and I would appreciate, before we start with the detailed examination of these regulations, if Doctor Coleman would just give a word or two as to why the department considers it necessary to have these elaborate regulations at this time. I think if we had that cleared up in so far as I am concerned, I would be prepared to go on with the schedule.

Mr. FLEMING: I think Mr. Burton's suggestion is quite good.

The VICE-CHAIRMAN: Gentlemen, I do not wish to interrupt, but just to maintain proper order I think it would be better if you were to stand up and instead of three or four talking at once, just one should speak at a time. I want the reporter to get your remarks down carefully.

Mr. FLEMING: I think in fairness to the committee it might be well to say a word or two about the ideas discussed yesterday by the steering committee with reference to the committee's procedure. The committee is faced with this immediate problem. The trading with the enemy regulations depend for their continued existence on the Emergency Transitional Powers Act which comes to an end on May 15. It would be much more logical and much more orderly to approach the problem with a review of the whole administration of the custodian of enemy property, including not only enemy property but also the other two branches, namely, Japanese evacuees and illegal organizations, nevertheless we are faced with a situation where we have only a matter of about a fortnight to get this bill back to the House and through the Senate as well. The steering committee feel that we have no alternative but to proceed with the bill in advance of a detailed review, or as detailed a review as the committee might have thought necessary, of the administration itself. The scope of the committee's reference has been extended to include a review of the administration in the department and that, in the recommendation of the steering committee, would be followed by an actual review of the terms of the bill. Now as to the statement we have heard this morning it is obviously an excellent background. I think, Mr. Chairman, it would be useful to the committee to have now a somewhat more detailed statement from Doctor Coleman concerning the revisions that have been made in the regulations hitherto. The committee is aware that there was a substantial revision of the regulations in 1943 and then in January of this year there was a further revision carried out which had the effect of eliminating a number of the regulations. I think it would be interesting to the committee to know what policy was followed in the elimination of part of the regulations and then we might be given, as Mr. Burton has suggested, something a little more detailed as to the reasons why these powers that are still provided for in the schedule of the bill are needed.

Mr. STEWART: Mr. Chairman, I find myself in agreement with the steering committee but I would like to make this further point. We are not going to be finished with our work on this committee before May 15 if we are going to do anything like a detailed study of the custodian's work during the last few years. I think it would be of considerable benefit to myself and probably to other members of the committee if there were supplied to us the audited accounts of the custodian for each of those years. I think, then, we would have some time to peruse them and study them and perhaps we could then attack this problem more intelligently.

The VICE-CHAIRMAN: May I just make a report to you gentlemen. It is proposed to issue a copy of the general report of last January to each member of the steering committee, who in turn would place it at the disposal of the members of his body or group, and if a second copy is required I would be pleased to try and procure that and place it at your disposal. There will also be copies of the audited reports, as mentioned by Mr. Stewart.

Mr. SMITH: I have a suggestion to make. Perhaps I speak from ignorance which may be abysmal but I would like Doctor Coleman to tell us how the department operates by taking a typical case and tracing it through. It would be of assistance to those of us who are not familiar with the subject. Let us assume, that in Calgary, for instance, the A.B.C. company gets off the rails. I want to get some idea, a practical idea, of what happens in dealing with that company. I am sure I do not know and I think many of the members of the committee are perhaps in the same situation. That would only take a minute and if the Doctor did it I think we would have a more practical approach to the problem.

The WITNESS: If I may, Mr. Chairman, deal first with the point raised by Mr. Smith. I think if you look at clause No. 8, regulation number 8 on page 6 of the schedule, you will see, "Where it appears to the secretary of state—(a) that there is reasonable ground for suspecting that an offence under any of these regulations has been committed by any person;" (f) "that an enemy has an interest in any property; the secretary of state, if he thinks it expedient for the purpose of satisfying himself that the person, firm or company is not trading with the enemy, may in writing appoint an inspector to inspect the affairs of the person, firm or company or the administration of the property; and the secretary of state may appoint an inspector to inspect any business to ascertain (i) whether the business is carried on for the benefit of or under the control of an enemy or enemy subject; or (ii) the relations existing or which have, either before or after the commencement of the present war, existed between a person interested in the business and an enemy or enemy subject."

As you see there is the power enabling the secretary of state to appoint an inspector who takes over all the files and documents.

Now that has been done in a reasonably large number of cases and if it were ascertained, I think it only happened in one or two cases, that there had been any transactions with the enemy after the regulation came into force there would be a prosecution. If it appeared that the business was entirely owned by the enemy it was vested in the custodian and he would either take steps to liquidate it, employ a comptroller for that purpose—it might or might not be but in most cases it would be the inspector—and proceed to realize it as profitably as he could and the proceeds would then be placed to the credit of the custodian. That would be in the case of enemy property.

Mr. SMITH: He goes right in and takes physical possession.

The WITNESS: Yes.

Mr. SMITH: That is what I had in mind.

The WITNESS: Now, if I might deal with other points raised by other committee members. Mr. Burton, I think, first asked what property was under control. That was in the report which was tabled in the House as of December 31, 1946 on pages 12 and 13. Now the belligerent enemies—Austria, Bulgaria, Finland, Germany, Hungary, Rumania—there was upward of \$20,000,000. The property of persons in occupied countries aggregates about \$218,000,000 and the doubtfuls another \$13,000,000 make a total of \$243,000,000. A great deal of this was represented by securities which were owned by the people, particularly those in the occupied countries, and at present value or market quotation would be worth an estimated \$320,000,000.



Mr. SMITH: Your proscribed group goes out of that.

The WITNESS: It is included in that, it is the great bulk of the amount. Real enemy properties, which may or may not be confiscated and is more or less dependent on the treaties of peace, aggregate at the moment something over \$20,000,000.

Mr. FLEMING: Mr. Chairman, these figures do not include the property of Canadian Japanese and the illegal organizations.

The WITNESS: No, no.

Mr. FLEMING: This is just the enemy schedule.

The WITNESS: That is what I am dealing with. Now, Mr. Burton also asked me to state whether we felt it was necessary that we should have these extended powers. I endeavoured to cover that but perhaps I did not make myself clear by alluding to the fact that if there had been treaties of peace reached and ratified a year or two after the war and before the orders under the War Measures Act expired, we would not have found it necessary to come here at all but we had to in view of the existing situation. The fact that there does not seem to be a treaty with Germany in particular, and even with Japan, in the offing for a considerable period, made it desirable, on the advice of the law officers of the Crown, to continue the matter. One reason it was felt desirable that the substance of the regulation should be continued was to avoid the possibility of falling between two stools. There are a great number of powers here which are still in force in the United Kingdom or substantially the same powers are still in force in the United Kingdom today which we feel are necessary to preserve. There is litigation pending. There is always litigation pending. There is litigation threatened, and something which might appear unimportant at first glance may prove to be very important in determining the custodian's rights. The whole object of the custodian, I am sure the committee realizes, is to get as much genuine enemy property as we can for the state and have it available anyway, because of the claims which are already being put forward by Canadians—although the custodian only records them, and has no power and has no intention of seeking power as far as I am aware to settle them, that would be a matter of government policy which remains to be determined—greatly exceed the assets of the enemy in his hands. Mr. Fleming asked if I could indicate that revision which took place in the first regulations which came into force, became effective on the 2nd December, 1939. Well, as a result of these studies they were necessarily rather hastily thrown together, and I may say after consultation with financial officials, the department of insurance, and the Bank of Canada and other departments and agencies of the government which had a particular interest in this matter. But as time went on it was realized that there were weaknesses until there was considerable amendment I think made in 1941; there was a consolidation in 1943, which is the blue book generally used; and then when it was decided that it would be desirable to have legislation the officers of the department with the custodian and the other departments of government concerned we arrived at what we thought might be recommended to the Governor in Council in January with the result that there was the deletion of a very considerable number of regulations which appear in the schedule under the heading of items revoked. That was to avoid renumbering. I propose to deal with them at the proper time, but if you like I can deal with that one which we revoked as a particular example. Take for instance the one defining "enemy", that is on page 2 of your draft bill.

Mr. FLEMING: I do not know, Mr. Chairman, that we want that much detail at this particular stage. I thought just a general statement as to the reasons for the action taken.



The WITNESS: I see. May I say they were rather extraordinary powers; and when I use the term extraordinary I am using that in the normal sense of powers out of the ordinary; with the result that it is no longer necessary to continue then. In most cases either it had not been found necessary to invoke them, or they had not been used, even in time of wars. One was regulation 8-2 (b), in the blue book of January 1943.

It was felt that it was unlikely that any case would arise in the future where this would have to be done. I do not think that was ever done. As a matter of fact, I am sure that it was never even moved. The changes were all of that nature, relief rather than greater restriction. I am not at all sure, subject to correction by my legal adviser (sitting here on my left), Mr. Black, that certain regulations now might not be modified as the result of discretion.

And there is one other point, if I may again refer to what Mr. Burton said; it is only within the last year or a little longer that we have any chance at all in parts of Germany which are under control of the British or Americans to make any check-up with the records of German enterprises in those zones. May I refer to one in particular, the notorious I. G. Farbenindustrie, of Frankfurt. We have had a large number of valuable reports and they are still coming in; and these reports indicate that if misrepresentations had been made by anyone it might be necessary to invoke some of these clauses in respect to it. That is about the only reason of which I can think for retaining them, but I do think it is quite important that they should be retained pending final determination of the treaty of peace. For all we know Canada and the other allied powers may determine in the treaty of peace to return all this property to Germany. That is not the concern of the custodian. He has nothing to do with that; but it is his duty to accumulate all the enemy property in Canada so that those who negotiate the treaty may know what it appears to be on hand.

The VICE-CHAIRMAN: Well, gentlemen, are you prepared to proceed with the schedule?

Mr. STEWART: I should like to make a suggestion, if I may, Mr. Chairman. There is a great deal of interest in the reports of the custodian. I think it would serve the interests not only of members of the committee but also of members of the house if some of these auditors' reports were printed as an appendix to our proceedings. We realize, of course, that some of these reports cannot be made available; but I find them of special interest to myself; and, speaking for myself, I think one report among five of us is quite inadequate. I do think, Mr. Chairman, it would serve a useful purpose if we could be supplied with copies of them in the manner in which I have indicated.

The VICE-CHAIRMAN: Yes. That point was raised yesterday and it was left more or less with the chairman of the committee to look into the matter of printing, the volume of material and so on, and if it was found that it was not too bulky that it be considered as an appendix to the Minutes of Proceedings when they are tabled. I am going to ask Dr. Coleman to table those auditors' reports. Is that agreeable.

Some hon. MEMBERS: Agreed.

Mr. SMITH: May I ask Dr. Coleman a question; has he considered the desirability of continuing some of these orders in force; has he given thought to the other side of the picture. I was getting just a little concerned that something might be left out which should remain.

The WITNESS: You should not be, sir. In view of the fact that many of these powers were probably exercised in time of war, or might have been exercised but never were exercised, there seems to be little use in continuing them.

Mr. SMITH: I heard you say that. Are there any additional reasons for keeping them in force?

The WITNESS: No, I cannot see that there are. There is one to which I might call attention. On the original order property vested in the custodian was not subject to any tax. You will find that on page 50 of the blue book, regulation 43. As a matter of policy the custodian has paid municipal taxes as they fall due out of funds accruing, and it was felt that that might be modified as it was in the revision of January:—

50. Property vested in the custodian is liable for any tax, mortgage, lien, charge, rent, interest or payment thereon but the custodian is not liable with respect thereto.

It was felt that that was an unfair burden on the municipalities and other people and that where funds were available it should be charged against the property.

*By Mr. Fleming:*

Mr. Chairman, if Doctor Coleman has completed his answer; that raises the question about the form of the schedule. The schedule as printed indicates in each case where a particular regulation from the 1943 revision has been removed. The amendment in regulation 50, to which he has just referred, is not noted.—A. No.

Q. As having been amended in the schedule by them. Are there any other cases? For my part, in reading the bill, I would assume—A. There are three noted.

Q. That are amended?—A. Yes. Regulation 38 of 1943; and the second one is on page 16. The other one is on page 20 of the 1943 printed blue book; and regulation 50 of 1943 was revoked and the present No. 50 which appears on page 18 was substituted; and regulation No. 51 was revoked and the present No. 51 substituted. Those are the three.

Q. I think it would be well if Dr. Coleman would add a word to his answer to this question as to the line followed in connection with the revision of 1947. Would it not be fair to say that the department is proceeding cautiously and if there is any thought at all that the power might be required under any circumstances it is retained in the schedule?—A. That being that in keeping with the tenor of public opinion. Whenever possible the regulations should be relaxed, and if, as I say, there had been peace treaties negotiated by the powers and ratified by parliament we would be very near repeal of the whole lot of it, providing some measures could be taken to carry on the necessary winding up. We are very anxious, for example, to get rid of the property belonging to the people in former occupied countries providing necessary evidence can be obtained to show that they are not holding any part of it for or on behalf of an enemy; which is a very important thing. Only in February of this year I was in one of the European capitals, although we do not hear very much about this here, when a person of considerable prominence, a Mr. Drayton—they were conducting trials of people in those countries—he had acted as an alleged agent and collaborated with the enemy. We have to have assurance in some way that property claimed by persons in one of these countries is his own property and not held for or on behalf of an enemy. Possibly I could not give the committee any better example than the late Field Marshal Hermann Goering. He would not have accumulated the vast wealth which he is reputed to have accumulated without having taken the precaution of taking at least some of it out of Germany, as he may very well have done, and deposited it in another name. He would have a front, probably; a resident at least, if not a national, of the country concerned. That is a very simple illustration. But when you have a



series of companies all over the world it is exceedingly difficult to get back to the No. 1 man or the No. 1 group controlling it. I have seen both here, in Washington and in London, records and charts showing as many as fifteen holding or parent companies of one kind or another altogether before you get back to what appears to be the ultimate source of control.

Mr. SMITH: You should read Mr. Dimm, Doctor, that illustrates it very well.

The WITNESS: I beg pardon.

Mr. SMITH: There is a book called Mr. Dimm that illustrates that point. It is the best satire in the world.

The WITNESS: If you will permit me to say so, you get a company operating here which is controlled by a company operating in a friendly or neutral country. You may say, "we think that has an enemy taint". They answer, "no, we are controlled by another company in another neutral country". It goes back and back. We have obtained some very useful information as a result of getting a peep at what appears to be the records of certain parts of Germany. There were certain other parts of Germany where no British, American, nor Canadian investigator could possibly obtain information. Unfortunately they had restrictions as to movements in all of these zones but we have had a reasonable amount of cooperation.

Mr. STEWART: Doctor Coleman, there is another point which I might ask by presenting a fictitious case. Let us assume a resident of Poland had, at the outbreak of war, been living in Canada. Poland was overrun. A new government inimicable to his interests was set up in Poland and he is not able to go back to Poland to re-establish himself, what would happen to his property in that case? Probably you can enlarge upon it for me.

The WITNESS: For many reasons I prefer that you take a hypothetical country rather than the one you have chosen. Astoria, or something of that nature. I would say the custodian has always taken provision that he is the trustee for the individual only and not for the country.

Mr. STEWART: The nation.

The WITNESS: Not the country. Now we have had certain agreements, one of which was placed on the table of parliament more than a year ago, one with France, and there are others which have been partially negotiated and not yet completed, which provide that a man living in that country has to obtain a certificate from his own authority that he is a resident, that he holds property, and that there is no gain on behalf of the enemy and that he is not charged with any collaboration.

Mr. WINKLER: Mr. Chairman, I have a question which I would like to ask. I think Doctor Coleman may not consider it as general enough and probably in that case the answer can be deferred. He might describe the bounds of the activities of the custodian. The question is this. Take the case of the sale of an X-ray machine. A great many were sold in this country, I believe, just prior to the war, and suppose I, just a week before the war began, had bought one of those machines and had made a small payment down on what I believed to be a very expensive machine. What would be the attitude of the custodian in such a case?

The WITNESS: I take it, Mr. Winkler, that you have made a down payment to a German firm operating in Canada and that you had not received the machine.

Mr. WINKLER: I was thinking of a case where I had the machine.

The WITNESS: Oh, well if you got the machine the custodian becomes entitled to the purchase price. That is one of the very instances I was pointing out, where it relates actually to the X-ray machine. A lot of these were sold



on instalments whereby the company undertook to sell the machine and give credit, allow you to operate it and they undertook to service it and supply parts. The knotty question which the business comptroller had to determine was if you got a machine for which you agreed to pay \$1,000 and had been promised you could get the parts for it and that it would be serviced for you for five years, the question was, what is that covenant worth? What should you get knocked off if you only get the machine? Well we settled it as well as we could in the judgment of the comptroller. There were not many, but there were a few engines, deisel engines, which were sold by a company which had just opened in Montreal.

Mr. FLEMING: Mr. Chairman, Doctor Coleman has made it clear these regulations were made to deal with the case of enemy property and the property of persons in the proscribed territories. Now with the two latter adjuncts to his responsibility, namely the property of persons of the Japanese race in Canada and the property of organizations declared to be illegal, to what extent did he, in administering those estates, use any of the powers contained in the schedule.

The WITNESS: The evacuees and the illegal associations? Well we did not use them at all in the illegal associations for this reason. When the order was made by the Governor in Council putting out the list of illegal organizations, the police force, the Royal Canadian Mounted Police, took charge of the buildings and turned them over within a week or ten days after.

*By Mr. Fleming:*

Q. Where did the custodian derive his powers then to retain physical of those or to realize on them?—A. There was an extraordinary order in council which was repealed when the order in council prescribing these things was issued.

Q. Then none of the orders in council under which the custodian acted with reference to illegal organizations or the property of persons of the Japanese race were introduced by reference to any of the powers contained in the Act.—A. Yes, it said they were to be applied “*mutatis mutandis*”.

Q. I was just wondering whether the committee, when it reviews the schedule would find a possibility of any of these powers being used today in the case of property of persons of the Japanese race or in the case of property of organizations that were declared illegal.

The VICE-CHAIRMAN: May I suggest, Mr. Fleming, that you bear your question in mind and apply it to the particular section.

Mr. FLEMING: I was just wondering whether there was some general answer that would apply and save us time.

The WITNESS: In relation to the Japanese evacuees the only real estate not liquidated consists of about 20 to 25 parcels. The Secretary of State in Bill 104 gave a specific undertaking he would not proceed to liquidate that without the consent of the owner. I do not think there is any other thing relates to that. There is nothing in relation to illegal organizations, and that no powers went with the repeal in October 1943. I must confess I am puzzled in looking at this report to see that there appears to be a balance of \$698.27 owing an illegal organization. I will look into that and find out what it is. There may have been one or two that were not taken off the list.

Mr. CASE: Mr. Chairman, may I ask Doctor Coleman a question? There was a seizure made of some Hungarian property in Toronto, was there not? And later it was cancelled, then some doubt arose and I believe the property has been returned. Just how was that handled?

The WITNESS: Well, I understood that I would not deal with particular cases today, Mr. Case. It is a long story about these illegal organizations and I would like to have the appropriate officer with me when I deal with it, together with the files.

Mr. CASE: I think that is fair, Mr. Chairman, but I was just wondering if Doctor Coleman would give us the explanation at a later time.

The VICE-CHAIRMAN: I think, under "distribution", you would be justified and quite within your rights to ask that.

Mr. CASE: When, Mr. Chairman?

The VICE-CHAIRMAN: Prior to you joining us this morning a report was presented by the steering committee in which the work was divided under two headings. The first dealt with the bill, taking the schedule first, and secondly after we had disposed of that we are to deal with the administration in a general way.

Mr. STEWART: Mr. Chairman, if I understood Doctor Coleman correctly, he said that if there was any particular case any of the members would like to discuss he would like to have a little warning in order to make some preparation. If I am in order, all right. If I am not you can tell me. The particular case I have in mind has to do with a patent on fish oil and this is the way that I have it. When the Germans took over in Norway they had a patent for taking fish oil and refining it so that it could be used as an edible oil, something that never had been done before in the history of the world. That process was carried on in Norway during the war. Since the war, or when the Germans were driven out by the allied nations, the Norwegians obtained the patent and today they are developing what they call markoil M-a-r-k-o-i-l. I have seen it and tasted it and in fact today there is a firm in Montreal offering it for sale. With the great shortage that there is of oil in the world, when we are sending to Europe all that we can spare, they are offering oil for sale in this country which comes from Norway. The reason I want to discuss this thing in detail is due to the fact that in our canning industry in eastern Canada we are using thousands of barrels of edible oil. Years ago it was cottonseed oil, during the last few years we have been using soya bean oil, peanut oil and different kinds of other edible oil. We depend, to a great extent, on our American friends for our supply of edible oil and the price has advanced 25 cents per pound in the last two years. Today it is up to around 41 cents. My point is this. Norway only produces ten per cent of the fish oil in the world. In other words 90 per cent of the fish oil produced in the world, now goes into cheap paints and such things whereas it might possibly be used for food. If that patent belonged to the Germans, which I feel quite sure that it did, why should not the allied nations today have the same right of using that patent as the Norwegians have. As I stated, the Norwegians today are offering that oil for sale in Canada, even when there is a very very short supply of fats and oils in Europe. Now if that can be discussed under this bill I would like to have an opportunity of so doing.

The VICE-CHAIRMAN: Mr. Stewart, I think that comes under the same heading and I will have to give you the same reply as I gave to Mr. Case. I suggest you bring it up under "administration".

Now, gentlemen, we have only five minutes and I am rather anxious to get under way. In order to save time may I suggest that we deal just with these titles, the schedules.

Mr. FLEMING: Definitions.

The VICE-CHAIRMAN: Definition.

"Interpretation." Any objections?

Mr. FLEMING: Mr. Chairman, there is one general observation I have to make about part 1. The point will come up in connection with the other sections of the bill or at least of the schedules. We have to decide whether we are legislating here on a permanent basis or simply passing regulations that are temporarily in effect to deal with the present situation. Now we come to questions like the definition under 1(b), "enemy territory". These people will

be our enemies presumably only so long as we are awaiting conclusion of the treaties of peace. Then there is (k), "commencement of the present war" that would obviously apply to the war which began in the case of Germany in 1939, Italy in 1940, Japan in 1941, and so on. That would mean the bulk of these regulations could not have any relation to property which is still in the hands of the custodian through the war of 1914-1919. I wanted to clear that up. We are dealing in these regulations simply with the powers of the custodian with reference to assets of certain persons as from 1939 and none of this legislation is to have any application to property in the hands of the custodian prior to that date even though it came into his hands as a result of the first great war.

The WITNESS: The treaties of peace and ratification in 1919 or early 1920 gave the Governor in Council power to provide by order for dealing with German property affected under that treaty. The same applies to Austria as well as Germany. It was all done by the treaties of peace made on November 5, 1918, and the Treaties of Peace Act 1919.

Mr. BURTON: In other words, the wording of the terms of the peace treaties, would, to a certain extent, govern how far and how much of this could be done under the regulations.

The WITNESS: Quite.

The VICE-CHAIRMAN: Dealing with number 1, "interpretation".

Carried.

The VICE-CHAIRMAN: "Person".

Carried.

Section 1(b), "enemy territory".

Carried.

Section 1(c), "proscribed territory".

Carried.

Section 1(d), "enemy".

*By Mr. Fleming:*

Q. As to the enemy proviso at the bottom of the page, Mr. Coleman dealt with that in his general remarks. May I ask if he has any occasion— —A. Yes, there have been a number of occasions when that has had to be put into effect in a very limited measure. These were not enemies in the ordinary sense. They were only technical enemies. I can remember I think two or three. I will have to look it up to refresh my memory on the details, where that was invoked.

Q. It is considered desirable to deal with each case by special orders and exempt them from the definition of "enemy", persons who are simply enemy subjects?—A. Oh yes.

Q. Rather than bringing enemy subjects generally within the terms of the definition?—A. Quite.

The VICE-CHAIRMAN: Agreed.

Section 1(e), "enemy subject".

Carried.

Section 1(f), "enemy currency".

Carried.

Section 1(g), "securities".

Carried.

Section 1(h), "dividends, interest or share of profits".

Carried.



Section 1(i), "property".

Carried.

Section 1(j), "enemy property".

Carried.

Section 1(k), "commencement of the present war".

Mr. STEWART: What date is that; is that the 10th of September, 1939?

The VICE-CHAIRMAN: That is our official date, but I will ask Dr. Coleman if that is the date officially recognized.

The WITNESS: Going back to September 10; these regulations came into force on September 2.

*By Mr. Case:*

Q. What about the commencement of the present war?—A. We are still technically in the state of war.

Q. The government has declared that the war was over as from the first of the year?—A. No, not yet.

Mr. FLEMING: The war is still on, at any rate in the House of Commons.

The VICE-CHAIRMAN: I think we should have the date.

Mr. FLEMING: That would have to be September 10 in the case of Germany. As far as this country is concerned what existed between the 2nd and the 10th was only a state of apprehended war, not a state of war; and this evidently applies only to a state of war, or rather I should say to a state of apprehended war.

The VICE-CHAIRMAN: Would you like to have that stand, Mr. Stewart?

Mr. STEWART: Stand, yes.

Section 1(l), "Secretary of State."

Carried.

Section 1(m), "proclamation".

Carried.

Section 1(n).

Carried.

Section 2(1), offence of trading with enemy.

Carried.

Section 2(2), prima facie proof.

Carried.

Section 3, trading with the enemy.

Mr. FLEMING: In this section, subsections (e) and (f) are no longer necessary?

The WITNESS: That is right.

Mr. FLEMING: And that is in view of the fact that regulation No. 4 has been revoked?

The VICE-CHAIRMAN: Yes. Shall we take them subsection by subsection?

Section 3, subsections (a), (b), (c) and (d) carried.

Section 3, subsection (e).

Mr. FLEMING: Subsections (e) and (f) should be struck out, Mr. Chairman. They involve a reference to regulation No. 4 which has since been revoked.

The VICE-CHAIRMAN: Subsections (e) and (f) are struck out.

Mr. CASE: What have you done in striking them out?

The WITNESS: They refer to regulation No. 4 which has already been revoked.

Section 3, subsection (g).

Carried.

Section 3, subsections (h) and (i).

Carried.

The VICE-CHAIRMAN: Section 4, revoked; section 5, revoked.

Mr. BURTON: Mr. Chairman, may I draw your attention to the fact that it is now one o'clock.

The VICE-CHAIRMAN: Pardon me. I am so used to keeping on working all night. Gentlemen, it is one o'clock and I do now leave the chair. We will meet on Thursday next at 11.30 o'clock a.m.

I want to thank you gentlemen for the work the committee has been able to do this morning. We have certainly gotten along nicely.

The committee adjourned at 1.07 o'clock p.m. to meet again Thursday next, May 1st, at 11.30 o'clock a.m.

















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SESSION 1947  
HOUSE OF COMMONS

Government  
Publications

STANDING COMMITTEE  
(ON)

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 2

BILL No. 22—AN ACT TO CONTINUE THE REVISED  
REGULATIONS RESPECTING TRADING WITH  
THE ENEMY (1943)

THURSDAY, MAY 1, 1947

WITNESS:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.E.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947





ORDER OF REFERENCE

WEDNESDAY, April 30, 1947.

Ordered,—That the said Committee be empowered to inquire into, and report upon, the administration of all regulations respecting Trading with the Enemy made since the tenth day of September, 1939.

Attest.

ARTHUR BEAUCHESNE.





## MINUTES OF PROCEEDINGS

THURSDAY, May 1, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor, presiding.

*Members present:* Messrs. Boucher, Burton, Cleaver, Cote (*Verdun*), Dechene, Fleming, Fraser, Gladstone, Golding, Isnor, Marshall, Probe, Richard (*Gloucester*), Rinfret, Stuart (*Charlotte*), Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property.

The Committee resumed consideration of the Schedule to Bill 22, An Act to continue the Revised Regulations respecting Trading with the Enemy (1943).

Paragraph 6: Adopted with the exception of subparagraph (2), which stood over.

Paragraph 7 stood over.

Paragraph 8: On motion of Mr. Stuart, subparagraph (f) (i) was amended by the deletion of the words *or enemy subject* in the second and third lines thereof.

Paragraph 8, as amended, and paragraphs 9 and 10 were adopted.

Paragraph 11: On the motion of Mr. Probe, subparagraph (2) was amended by the deletion of the words *or enemy subject* in the sixth line thereof.

Paragraph 11, as amended, and paragraphs 12, 13 and 14 were adopted.

Paragraph 15 stood over.

Paragraph 16, on motion of Mr. Fleming, was deleted and the following substituted therefor:—

16. Where, on the application of the Secretary of State, it appears to a Judge of the Exchequer Court of Canada that a contract entered into prior to or after the commencement of the present war with an enemy or with a person in respect of whose business an order has been made under regulation fifteen of these Regulations is injurious to the public interest, the judge may by order cancel or determine the contract either unconditionally or upon such conditions as he deems proper, and thereupon such contract shall be deemed to be cancelled or determined accordingly.

Paragraphs 17 to 24, inclusive, were adopted.

Paragraph 25, on motion of Mr. Cote, was deleted.

Paragraph 26 was adopted.

Paragraph 27 stood over.

Paragraphs 28 to 35, inclusive, were adopted.

Paragraph 36 stood over.

Paragraphs 37 to 44, inclusive, were adopted.

Paragraph 45: On motion of Mr. Fleming, subparagraph (2) was amended by the deletion of the word *will* in the third line thereof and the substitution therefor of the word *shall*.

Paragraph 45, as amended, and paragraphs 46 to 67, inclusive, were adopted.

Paragraph 68 stood over.

Paragraph 69 was adopted.

Paragraph 70 stood over.

At 1.15 o'clock p.m. the Committee adjourned until Tuesday, May 6, at 11.30 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 1, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Gentlemen, now that we have our quorum we will proceed to business. At our last meeting we had reached section 6, "The Custodian". If I remember rightly, Mr. Fleming wished to speak to that particular section. I might mention that section 1, subsection (k) stood over, and Dr. Coleman has asked me to allow that section to stand for a further period so as to give him an opportunity during the week-end to further consider the matter.

Mr. FLEMING: The point I raise on that section, Mr. Chairman, relates to the second clause. Shall I proceed with that clause or has anyone anything to say with regard to the first clause?

The VICE-CHAIRMAN: Shall clause 6(1) carry?  
Carried.

Mr. FLEMING: Now, under clause (2):—

Any power or duty conferred or imposed by or under these regulations upon the Secretary of State or the Custodian may be delegated by him to such person or persons as he thinks proper.

My point is that the language is too broad; there should be some narrower confinement of power or delegation to senior officials of the department. It says, "any power or duty conferred or imposed by or under these regulations upon the Secretary of State" may be delegated by him or the custodian to such person or persons as he thinks proper. Now, actually as I understand it, nearly all of those powers were delegated by the Secretary of State to the Under Secretary of State during the war, and there was some further delegation to the deputy.

**Dr. E. H. Coleman, C.M.G., K.C., Under Secretary of State and Deputy Custodian of Enemy Property, recalled:**

The WITNESS: Assistant deputy; and limited in specific matters to the director in Vancouver; that is about all. I have discussed the suggestion with the present Secretary of State, and I think he feels that he is responsible. He would deprecate any amendment; but it is a matter of policy upon which he might like to be heard. I might say that I have served under seven custodians and they have been exceedingly jealous of parting with any of their authority.

The VICE-CHAIRMAN: Has the same policy been pursued during the full course of the seven custodians?

The WITNESS: Yes.

The VICE-CHAIRMAN: And you have not run into any obstacles or troubles because of that power?



The WITNESS: No; and if the matter is being proposed I think it is desirable—

The VICE-CHAIRMAN: I am hoping we may be able to clear this up as we go along.

The WITNESS: —that you see Colonel Gibson. He would have been here this morning but he was called to a committee of the cabinet. He may be in later in the morning, sir.

Mr. GOLDING: It might be wise to let this stand for the time being. On the other hand, I think, after all, the Secretary of State or any minister must take the responsibility for what he does, and I would not imagine that he would do anything very foolish in the discharge of his duties as minister. I do not think anything has happened that would cause any trouble in leaving the matter as it is, would you?

Mr. FLEMING: I think the reason for that is this, that the need for such broad power or delegation does not exist in the light of the experience in the custodian's office during war. If, in the stress of war it was not necessary to delegate any powers beyond the Under Secretary of State to the assistant Under Secretary of State then that is as far as the power of delegation need extend now, surely; that is my point.

The WITNESS: I do not wish to interrupt you, but I find that this clause is taken word for word from the Treaty of Peace order of 1920.

Mr. FLEMING: We had some correspondence quite recently in the House of Commons and objection was taken to these wide powers or delegation; maybe we had better leave this matter open, Mr. Chairman, until the minister comes.

The VICE-CHAIRMAN: Section 6(2) stands. Now 6(3), "Establishment of Custodian's office".

Carried.

Mr. FRASER: There are wide powers given there also. I feel that they would not open more offices than they should. Would they have to open any more offices now?

The VICE-CHAIRMAN: I doubt very much if it is necessary to open further offices, but I would think it would be a necessary clause to have there in the event that action along those lines became necessary.

*By Mr. Fraser:*

Q. Can we have Mr. Coleman's views on that? Is there any chance of any more offices being opened?—A. No, there would be no more established.

Q. Is there any chance of any offices being closed?—A. Yes.

Q. What offices are going to be closed?—A. We hope in a reasonable time to be able to close the Vancouver office. As you will see from our report tabled in parliament the number of employees has been very substantially reduced. Only the Japanese, really, I think, would be taken at a later stage; but the expectation is that that office will wind up as promptly as possible.

*By Mr. Boucher:*

Q. There is the other point where they may hire such officers and advisors and pay such remuneration as the custodian determines. Now, I think the feeling is that this bill, once it is passed, will continue on for probably many years, and bearing in mind your statement recently whereby we are still working on previous wars, do you not think that the officials—officers and clerks—appointed under this section should be under the Civil Service Commission so that there will be some limitation?—A. That, of course, is a matter of policy; I do not wish to make observations on that matter. I can simply state that the

vast bulk of the work is of an entirely transitory nature, and had there been treaties of peace at the end of the war, which would have enabled the bulk of the work to be completed, I have not any doubts that by now it would be down to skeleton proportions.

Q. My point is that with regard to clerks who hold tenure of office for any considerable length of time they should be appointed by the Civil Service Commission so that they could get the same rates, privileges and benefits as other civil servants, rather than be taken out of the Act. If this were only a matter of temporary employees I could see some justification for it, but as far as the permanent employees or employees with considerable service are concerned I do feel that this matter should be limited there.

Mr. CLEAVER: Do you think they should be permanent?

Mr. BOUCHER: I think they should be employed in the same manner as other civil servants. This Act will continue for a considerable length of time: it is not limited to a short period.

Mr. GOLDING: There will be a large number—

The VICE-CHAIRMAN: Now, gentlemen, we got along very nicely at our last meeting because we were a little more formal. I requested members to stand when they spoke. I disregarded that instruction this morning; but if you are going to talk to one another I shall have to ask you to accept that instruction again for the sake of keeping order.

Shall the subsection carry?

Carried.

Subsection (4): "Department of Government."

Carried.

Section 7:

Mr. FLEMING: This subsection brings us into a major problem under the whole of the regulations. Under this section, as you will see, very wide immunity is given to the Secretary of State or custodian.

No person has any rights or remedies and no action lies or may be brought against any person in respect of:

- (a) an act or omission that was required by the Secretary of State or Custodian;
- (b) an act or omission that the person acting in good faith reasonably believed to have been required by these regulations or any regulations heretofore in force with respect to trading with the enemy or enemy property; or
- (c) property transferred, delivered or paid to the Secretary of State or Custodian or pursuant to his direction either before or after these regulations came into force.

Now, obviously, people who act on the instructions of the custodian must have some immunity if they come within the scope of the instructions of the custodian, otherwise I should think there would be a complete breakdown. The custodian could not hope to have co-operation from people like the banks and trust companies from whom the custodian has need of co-operation at all times. It seems to me that this goes too far in curbing the rights of other persons where those rights have been, perhaps, negligently interfered with—perhaps interfered with by officials exceeding their powers. My criticism is that those regulations go too far in restricting the rights of individuals whose property or other rights have been seized or taken in possession or otherwise interfered with by the custodian. Now, what redress has he got? There are two other regulations which bear on this question: 27 and 36. No. 27 refers to court proceedings. It says:—

Where a dispute or question arises as to whether property is subject to these regulations, the Custodian may proceed in the Exchequer Court of Canada or in any superior court of record for a declaration as to whether the property is subject to these regulations.

That is a proceeding on the part of the custodian. Then clause (2) of that section reads:—

Any person may, not less than ninety days after giving the Custodian notice of his claim . . .

The time limit is not particularly important because I believe the custodian has never taken advantage of his technical position as to time limit. Clause (2) then reads:—

Any person may, not less than ninety days after giving the Custodian notice of his claim, proceed in the Exchequer Court of Canada for a declaration that he is not an enemy and

- (a) that property held or controlled by the Custodian is not subject to these regulations and he is the owner thereof or of an interest therein; or
- (b) that he was the owner of property or manages any enemy property immediately prior to its vesting in the Custodian under these regulations.

I direct your attention to the fact that right given to the person there to apply to the court is confined to an application for a declaration in the first place. In the second place, it is confined in this way, that he can only apply for a declaration that he is not an enemy. Then, in (a) and (b) it has to be on the basis of his not being an enemy.

The other regulation is 36, and it has to do with recovery by the minister, by the custodian, in the event of any person's failure to pay to the custodian any money payable to him under the regulations and it reads as follows:—

In the event of failure by any person to pay to the Custodian any money payable to him under these regulations the Custodian may take action in the Exchequer Court of Canada or in any superior court of record to recover such money.

I notice there that if the custodian takes action, under section 36, for the recovery of money that he contends is payable to him there is no provision made for any kind of counter-claim where the person who is being sued considers that he has rights which, if the custodian were a private person suing in an ordinary action, he would be entitled to set up by way of counter-claim. It seems to me that while we want to see the custodian clothed with ample power to do everything in the way of taking property under the Act for the protection not only of the state but of the rights of individuals whose rights might otherwise, perhaps, be lost or prejudiced, these regulations do not leave enough right in the person whose property may have been seized or taken in possession by the custodian. Suppose an individual feels that he is not an enemy and that property has been improperly taken from him, what can he do? There is nothing in these regulations to say that the declaration is binding on the custodian. I have no doubt that as a matter of practice the custodian would honour a declaration of the Exchequer Court, but it is only a declaration of the court; it is not a judgment.

Now, take another case where the issue is not simply as to whether a man is or is not an enemy, but he contends that he has an interest in property that has been taken by somebody else. He has not got any right to go to the courts. Now that we are in peace times I think this is the sort of provision that does admit of amendment with a view to restoring more equality toward two individuals in the matter of access to the courts where, at the present time,



they certainly are not in a position of equality with the custodian, since they may want to have access to the courts, and having got into the courts they may want to find themselves in the position of equality before the courts with the custodian.

Mr. BURTON: After listening to Mr. Fleming's presentation of that case and after checking over that section, it appears to me that the only resort that person would have would be, first, to prove that the person acting on behalf of the custodian had not acted in good faith. That is what it says in (b). The whole matter is put in the position that the person who feels aggrieved would first have to prove that the official did not act in good faith. It says: "(b) an act or omission that the person acting in good faith reasonably believed to have been required . . ."

Mr. FLEMING: Mr. Chairman, I think that these clauses in section 7 are disjunctive; the person has no rights or remedies in any of these cases; in other words, a claimant cannot bring an action or cannot succeed in an action if the defendant can prove that he satisfies the requirements of any one of these clauses.

The WITNESS: I think the purpose of (a), to which Mr. Fleming objected, is to protect the debtor to an enemy who had paid over the amount of his debt. He turned over the property which he held for the enemy to the custodian. It is an essential protection for the Canadian debtor or trustee for the enemy. It is not the intention by section 7 to protect—which I think Mr. Burton had in his mind—officials of the custodian's office at all; this is simply a protective measure for the people who have, acting under the regulations, paid over moneys which they have held for enemies. That deals with (a). Clause (b) protects them in a wider way. Perhaps it might be modified. We will be ready to consider any practical suggestion along those lines. Clause (c) is really a part of (a). I do not know why they put in "before or after these regulations came into force," unless there was a consolidation in 1943. Usually it applied back to 1939. There was no property turned over before the war in 1939. If it is agreeable to the committee to allow the matter to stand—Mr. Henry is here—we will be glad to consider the points raised and see what we can do. Would any member of the committee care to make any important suggestion?

Mr. FLEMING: I appreciate Mr. Coleman's willingness to consider this matter. I do not want to anticipate any discussion that we might wish to have on these sections. I think section 27 will have to be considered.

The WITNESS: Yes, I think section 27 will have to be considered along with it; and I confess in section 36—

Mr. CLEAVER: Shall we carry section 7 and deal with Mr. Fleming's point?

Mr. FLEMING: There may be an amendment to 7(b); possibly not to (a), but to (b) or (c).

Mr. CLEAVER: I judge from your remarks that your point could be adequately covered by an addition to section 27.

Mr. FLEMING: That may be; but I think it will be necessary to leave section 7 to be considered by Dr. Coleman and Mr. Henry.

The VICE-CHAIRMAN: Section 7 will stand.

Section 8: "Appointment of inspector."

Mr. BURTON: In (c) I notice the words "the commencement of the present war." You let that one stand before—the one dealing with the commencement of the present war—(k) of the first section.

The WITNESS: That was the definition section.

Mr. BURTON: Consequently, if there should be any change in the other you have to make the necessary change here.

The VICE-CHAIRMAN: No, I doubt that very much. (k) is the definition of the commencement of the war, while this deals with that section as it might be revised or amended.

Mr. FLEMING: Are you going to call these in order. I was going to ask a question about (f).

The VICE-CHAIRMAN: Shall (a), (b), (c), (d) and (e) carry?

Carried.

Mr. FLEMING: The power is given the Secretary of State in writing to appoint an inspector to inspect the affairs of a person, firm or company or the administration of the property. I was wondering how often it has been necessary to use that power and if reports were made in all such cases, and in what form, and how the reports were kept.

The WITNESS: It would depend on the individual file. As far as the office is concerned we are quite willing that they be deleted, and I think they are amply covered by (a), (b), (c), (d) and (e).

Mr. FLEMING: This provision applies to the cases in 8(f) inclusive in any of these cases: "the Secretary of State may appoint an inspector." My opinion perhaps, bears on the use of the section rather than the terms of the section itself.

The WITNESS: We have appointed a great number of inspectors, and if when a report is received it appears necessary to appoint a controller or supervisor, that has been done. As I say, they were related mostly to the very early stages of the war when there were suggestions that certain firms had substantial enemy interests, and in the great majority that provision did prevail and nearly all controllers were then appointed and some of them are still acting.

Mr. FRASER: May I ask a question Mr. Chairman? In the case of a person not being satisfied with the inspector or whatever they call him, the supervisor, is there any chance of having that party changed?

The WITNESS: Well, he would have the right, if he held enemy property, to apply under section 27 (2) to have it declared by the court as non-enemy property and we would not interfere.

*By Mr. Fleming:*

Q. Well, what would happen in the case of an individual or firm or company who might feel the inspector himself was not a suitable person and was not conducting himself properly?—A. Well, in no case that I can recall have the people concerned made the slightest objection to the inspector. In fact some of them have been very grateful for his help.

Q. Mr. Chairman, perhaps it is not like me to object to having powers which are not broad but in line 32 I raise such a question. The secretary of state may appoint an inspector to inspect any business to ascertain "whether the business is carried on for the benefit or under the control of an enemy or enemy subject."—A. We would like to delete the words "enemy subjects."

Q. I suppose there must be very few cases now where new discoveries would be made.—A. It was mentioned in my preliminary statement the other day and we are not completely able but we are beginning to get a little access to the records of business concerns in Germany to verify or perhaps disprove the explanations made to us by agents of Canadian enterprises in that country.

Q. That brings me to my question. This would only apply to the extent where business is carried on at the present for the benefit or under the control of an enemy. What about the case, if it is found now, that during the war the business was carried on for the enemy but it is not so carried on to-day. We will say it has either been transferred, the ownership has been transferred, or the

company has not been functioning latterly. Would it not be well to provide in broader terms for the company which has been carried on for the benefit of or under control of the enemy.—A. The enemy interest was vested under section 21.

Q. There is a similar expression elsewhere in the regulations, for instance 11 (2). You have the same expression on page 7, line 13, and again in section 15, clause 1 on page 8, line 25.

The VICE-CHAIRMAN: Well, Mr. Fleming the suggestion is three words in subsection 1 and 2, lines 33 and 34, and in one case in 37 and 38, be eliminated. Those words are "or enemy subject". Is it agreed?

Moved by Mr. Stewart seconded by Mr. Fraser those words be struck out. Agreed?

Agreed.

Subsection 2, the inspector's authority.

Carried.

Section 11, shall it carry?

Carried.

Section 12, appointment of controller by court.

Mr. FLEMING: Mr. Chairman, in this one, at line 34 "there is power for the secretary of state to apply to the same court within the province wherein the said person owns property or carries on the said business or trade have jurisdiction to appoint a receiver or liquidator".

I would like to ask first if it is necessary to resort to this power very often, and secondly whether the regulation is clear enough, what the effect would be on property located in other provinces than that in which the court has jurisdiction.

The WITNESS: I can only recall one appointment of a controller by the court and that was in the province of Quebec. It related to very extensive properties owned by a resident in an occupied country and in that particular case, I mean there was no suspicion of enemy tie-ups, but in view of the involved state of this man's affairs and his very wide interests it was thought expedient to have a controller appointed by the court. The controller was a gentleman whom he had sent out himself immediately prior to the war to represent him, should it become necessary in order to preserve certain of his assets and real property still there. We felt that a controller of his own selection or his own executive might be appointed by the court so that he could apply to the court with respect to certain of those assets in order to conserve others. That was the only instance.

*Br. Mr. Fleming:*

Q. Well in that case no question arose about the effect on property in any other province?—A. No, it was all property in the province of Quebec and the appointment was made by the Superior Court of Toronto.

Q. May I ask, Doctor Coleman, if he interprets this regulation 12 in such a way that the jurisdiction of the court in which application is made will be confined to the appointment of a receiver for property located within the province?—A. I would think so.

Q. Say for instance a firm had property in the six provinces you would have to make the application to the courts of all six provinces.—A. Yes.

The VICE-CHAIRMAN: Shall rule 12 carry?

Carried.

Gentlemen, may I revert to section 11 (2), line 14, it is moved by Mr. Probe seconded by Mr. Marshall that the words "enemy property" be struck out.

Carried.

Section 13.



Mr. PROBE: In connection with 13, Mr. Chairman, I should like to ask Doctor Coleman if he can give any statistics on the number of times that the secretary of state has presented a petition.

The WITNESS: We have not had any.

Mr. PROBE: Then may I ask has the secretary of state investigated any alleged cases where this clause might be applicable?

The WITNESS: Many.

The VICE-CHAIRMAN: They have investigated many.

The WITNESS: Investigated many.

*By Mr. Probe:*

Q. I recall during the war there was some reference to the sale, by a very large nickel corporation, of interests in Petsamo, Finland, to an enemy corporation or an enemy government. Now on the surface, a deal of that nature would constitute trading with the enemy. —A. It does not come within the scope of the regulations.

Q. Wherein does it differ?—A. The regulations apply but now you have said there has been a sale to an enemy. I know only what was reported in the House of Commons and to the members at that time. Was it not the Falconbridge nickel company?

Q. I thought it was International Nickel.—A. It was sold to the government of the USSR, which was of course not an enemy. I think what you had in mind is this. It was characterized by the *Times* as a very stupid statement by the president of the company or some officer of the company.

Q. It was in the annual report.—A. Yes, that they had property in Finland at the time, and Finland was at war but had not been interfering with their property and they rather congratulated the shareholders.

Q. I recall it that way.—A. There was no suggestion there was any act on the part of the Canadian company to turn over the plant to the enemy. He simply made what I would call a very foolish statement, that is the term I would use. The statement was to the effect that the enemy, although they had control of it, had not destroyed the assets of the company.

Q. A satisfactory arrangement had been entered into?—A. I do not think it went that far.

Q. You do not think so? As I recall the annual report it raised a big query in my mind, although I was not thinking in terms of this bill at that time. You would say however, that what took place did not contravene section 13.—A. If the Canadian company had entered into a transaction or contract with the enemy that would have been an infringement of the trading with the enemy regulations. I recollect, and again I am subject to correction on examination of the records, that it was foolishness. That was what you might term it.

Q. Indiscretion?—A. I think they went a little further than indiscretion.

Q. I do too.—A. They congratulated the shareholders of the company on the fact that the enemy had maintained their plant intact although they were presumably using it for the productions of materials with which to wage war.

The VICE-CHAIRMAN: I think he wanted to build up the assets of this company.

The WITNESS: After Finland made the treaty with Russia, and Russia occupied that area, Russia made a contract as I recall it with the Canadian company and they acquired the property.

Mr. PROBE: Then, in so far as the secretary of state was concerned, it was a bona fide transaction and did not involve dealing with the enemy.

The WITNESS: It did not.

The VICE-CHAIRMAN: Mr. Stewart, did you have something to say to us about fish oil?

Mr. STEWART: I do not think it comes in there.

The VICE-CHAIRMAN: Shall section 13 carry.

Carried.

Section 15, the appointment of controller.

Mr. FLEMING: Mr. Chairman, under subsection 1, I draw attention to the fact there is very wide power given to the secretary of state where it appears to him that "the business is carried on within Canada by any person wholly or mainly for the benefit of or under the control of an enemy. The secretary of state may make an order either:— (a) prohibiting such person from carrying on business except for the purposes and subject to the conditions if any specified in the order, or (b) requiring the business to be wound up." Now again that provision may have been required in time of war to meet the urgency of conditions then existing. I wonder whether the power should be continued in peace time. It is a very drastic power to confer on an official, the right to just step and prohibit somebody from doing business and require that the business be wound up. Now I am not suggesting for one minute this power would be used arbitrarily or improperly but it is a thing we have to consider in legislating. I raise the question now as to whether or not that power should not be transferred to the court on application by the secretary of state or the custodian. It seems to me in time of peace it is a power much broader on the face of it, than can be justified.

The WITNESS: Well that might still apply but I do not think it is likely to be invoked. Its purpose was for speedy action. If we got some information from Germany and made application to the court, quite likely some assets would disappear while the proceedings were going on. I think the department is willing to place themselves in the hands of the committee.

The VICE-CHAIRMAN: It is a protective measure as far as the assets are concerned.

Mr. FLEMING: What Doctor Coleman has said might be justification for power to suspend, the carrying on of business by an individual but I do not think it should be sufficient to put him out of business and require the business to be wound up without reference to anybody. It is putting that power in the hands of the custodian.

The WITNESS: As I have said, if the committee will let this stand I will see what we can do with it over the weekend. I do not want to make a snap judgment that it might not be needed but we would be disposed to the suggestion of the committee to delete some items which might not be suitable to the committee.

The VICE-CHAIRMAN: That will stand.

Mr. RINFRET: Another thought has arisen in my mind. This definition of "enemy" seems to include only those presently our enemies due to the war but this Act may want to continue after we are not officially at war with the countries we are assuming are enemies. It just occurred to me that point might be considered in order to include those countries who were enemies during the war after a state of war has ceased to exist.

The WITNESS: You would have to make new regulations in accordance with the treaties of peace or whatever statute is made then.

Mr. FLEMING: As I understand it, the intention is, and it is so indicated by section 3 of the bill, to provide separate regulations to deal with property after peace has been ratified.

The WITNESS: We will have to.

Mr. RINFRET: You are quite satisfied with that position?

The VICE-CHAIRMAN: Section 16.

Mr. FLEMING: Just before you come to section 16, I wonder if Doctor Coleman would include in his consideration of section 15 over the week-end, clause 11. "The secretary of state may from time to time prepare and publish in the *Canada Gazette* lists of the persons as to whom orders have been made under this regulation."

The WITNESS: I would be prepared to change it to "shall" in the first line. I think it was worded in that way for security reasons. I think that was the purpose.

Mr. FLEMING: We could change that now.

The VICE-CHAIRMAN: Rule 16, cancellation of contract.

Mr. FLEMING: I do not want to be doing all the talking.

The VICE-CHAIRMAN: Doctor Coleman advises me, Mr. Fleming, before you go on, that there is a modification in that section.

The WITNESS: This is our proposal for section 16:—

16. Where, on the application of the secretary of state, it appears to a judge of the Exchequer Court of Canada that a contract entered into prior to or after the commencement of the present war with an enemy or with a person in respect of whose business an order has been made under regulation fifteen of these regulations is injurious to the public interest, the judge may by order cancel or determine the contract either unconditionally or upon such conditions as he deems proper.

We are proposing to delete 16 and substitute what I have just read to you. The idea there was to substitute "court" for "the minister".

Mr. FLEMING: That amendment meets the point I was going to raise.

The VICE-CHAIRMAN: To bring it before the meeting, it is moved by Mr. Fleming, seconded by Mr. Golding, that the amendment as read be substituted for 16.

Mr. FLEMING: May I ask Doctor Coleman about the last clause of section 16 which is not carried over. "And thereupon such contract shall be deemed to be cancelled or determined accordingly".

The WITNESS: We are agreeable to have those words added.

The VICE-CHAIRMAN: Is it agreed?

Carried.

Section 17, notice to enemy.

The WITNESS: That is a necessary provision. There are companies with enemy shareholders or with shareholders residing in enemy territories and they could not hold their meetings unless they had some authority to direct their statutory notices to the custodian.

Mr. FLEMING: Has it been the practice of the custodian to endeavour to communicate to persons under such circumstances.

The WITNESS: Now that postal communications are restored to most of the countries we direct the company to send the notices in the usual way. There are, however, still areas where there are no postal facilities that I know of, such as Japan and in some areas of Germany.

The VICE-CHAIRMAN: Shall section 17 carry?

Carried.

The VICE-CHAIRMAN: Shall section 18 carry?

Carried.

The VICE-CHAIRMAN: Shall section 19 carry?



Mr. BURTON: May I ask Doctor Coleman under what circumstances would the secretary of state exercise the power given to him here.

The WITNESS: Well there have been very few cases of that and I think I can only remember one where we did allow the company to retain an Italian director for a considerable period.

Mr. BURTON: Here it says "except by leave of the secretary of state". Apparently the secretary of state has the power to say that someone might act as a director.

The WITNESS: Yes, but as I say, I can only recall one case where there was a very large board and there had been an Italian who had founded that particular business and they allowed him to remain on the board because there were eight others who could perform functions. It subsequently developed, I may say, at the end of the war, we received information from certain British authorities that the Italian in question had been an anti-Fascist.

Mr. PROBE: Did you have that information at the time the decision was made?

The WITNESS: No, we did not, but he was only one of eight and he could not attend and there was a quorum to carry on.

The VICE-CHAIRMAN: Shall section 19 carry?

Carried.

Section 21?

Mr. RINFRET: I am sorry I could not attend the first meeting where the vesting of the enemy property was discussed. Does the word "enemy property" cover the case of a company incorporated by persons who are not enemies, within the meaning of the Act, operating in a country which is not presently at war but which becomes at war and the territory is occupied at a later date.

The WITNESS: Yes, it would apply if the company is incorporated in either enemy territory as defined in regulation 1 or in proscribed territory, the definition (c).

The VICE-CHAIRMAN: Page 2, Mr. Rinfret.

*By Mr. Rinfret:*

Q. Yes, but suppose a Canadian incorporated a company in Holland, before it was occupied by Germany. The office of the company, the head office moves ahead of the Germans and the head office is never in occupied territory.—A. You mean it is a Dutch corporation.

Q. One which was incorporated in Holland and Holland was not at war at that time and its territory was not occupied by the enemy.—A. I know. And this company under the law of the incorporating country, which is Holland, has effectually transferred its head office to—

Q. Paris. And before Paris was occupied, to Portugal.—A. Well, it would not come under this, would it?

Q. I do not think so, but your department seems to think so.—A. Well in connection with the case you have in mind I do not think you really appreciate our point but I could not say offhand without refreshing my memory and looking at the file.

Q. I would like to look at the file with you.

The VICE-CHAIRMAN: Shall rule 21 carry?

Carried.

Section 23, real estate.

Carried.

Section 24, patent copyrights, trade mark or design. I believe this was the section you referred to Mr. Stewart.

Mr. STEWART: I think I gave you a pretty good outline at our last meeting of the matter I have in mind. There is some information I would like to have. It was in connection with a patent which exists at the present time in Norway for the refining of fish oil and it is used in the canning of sardines and that sort of thing. I cannot say whether the information I have is correct and I was hoping to get some confirmation here. I remember that a short time ago, a year ago, the Honourable Henry Wallace made a statement and he said that scientists from England, Russia, and the United States had carried on an investigation in Germany and were bringing back to their respective countries hundreds of new inventions covering processes practically unknown heretofore outside of Germany, and that these new processes and inventions would be the basis for starting new business enterprises in our countries. This oil today is being offered for sale in Canada even with the great shortage of oil that is worldwide to-day. Now as I stated the other day there is only ten per cent of the fish oil of the world produced in Norway. Ninety per cent of the fish oil in the world is being used for other purposes not nearly as essential as food. I believe in this country fish oil is used in the manufacture of cheap paints and so on. Now, if we had that patent for the refining of fish oil it would be a very great help to the canning industry in Canada. I do not know how many other industries it would affect but it would be of great benefit to the fish industry in Canada. The question I would like to ask is this. Is there any reason why these patents should not go to the allied nations? Why should one country monopolize a German patent?

The VICE-CHAIRMAN: I think Dr. Coleman can give you an answer.

The WITNESS: This question was raised in February. We have had communication with the Department of Finance and a search was made, first in our own records and there is no patent in Canada covering this Norwegian fish oil and its process. I have a note from the commissioner.

A search of our records fails to disclose any patents to a resident of Norway or Germany since 1930. I have also searched the issues of the Bibliography of Scientific and Industrial Reports issued by the office of technical services, United States Department of Commerce without finding anything. The reports referred to, contain technical information received from civil and military agencies of the United States government and co-operating foreign governments. Many of the reports cover information captured in enemy countries.

I am writing the officer in charge of patents in the United States Alien Property Custodian's office for his assistance in locating the process and on receipt of his reply will notify you.

And then the commissioner writes to us further on the 10th of March.

Further to my letter of February 18, 1947, respecting Senator A. N. McLean's enquiry *re* fish oil treatment I am now in receipt of a letter from the United States Office of Alien Property in which they suggest that United States Vested Patent No. 2,021,562 may be of interest. This patent was granted on November 19, 1935, to Dietrich Hildisch, Oslo, Norway, for Process of Improving the Taste of Hydrogenated Oils. The United States Official Gazette shows that a patent was applied for in Germany on January 5, 1932. Fish oils are specifically mentioned in this patent.

A search of our indexes under the name of Hildisch does not disclose a corresponding Canadian patent.

From the point of view of the custodian's office, there being no patent in Canada, and from the point of view of the Patent Office, there being no patent in Canada, it is not a matter with which we have to deal. Now, if it were a German patent, an enemy patent in Norway, as Norway is a party to the Patent

Accord which was signed last summer or last autumn, under which enemy patents are dedicated to the public it would be a different matter. Now the first point is that there is no patent in Canada. Therefore, if anyone acquired the knowledge of the process and proceeded to manufacture this oil, the Norwegian holder of the patent could not bring an action for infringement because he was never protected himself by patenting the process under Canadian law.

Mr. STEWART: I would like to know whether it is a German patent or a Norwegian patent?

The WITNESS: I beg pardon?

Mr. STEWART: Is it a German patent or a Norwegian patent?

The WITNESS: Well according to the only trace we can find there is a patent in the United States by a man in Norway and it would appear therefore that it is a Norwegian patent but they have never applied here.

Hon. Mr. GIBSON: They also said he applied for a patent in Germany.

The WITNESS: But when we are referring to German patents we are referring to patents owned by Germans and which are being used by countries which are members of the Accord.

The VICE-CHAIRMAN: I trust that will give you the information you wanted, Mr. Stewart.

The WITNESS: I may also say the commissioner of patents will be very glad to show a copy of the United States patent. We have got a copy of the United States patent.

Mr. GLADSTONE: I do not know if the question I would like to ask has any relevancy. What I have in mind is the property of Canadians who were located in countries overrun by the enemy as for instance Singapore, overrun by the Japanese, where property of Canadians was destroyed. I understand in such cases details of the destroyed property were filed with the custodian and I am wondering what the situation is with respect to probable settlement.

The WITNESS: Well that is not a custodian matter, Mr. Gladstone. There being no other agency of the government with facilities, the custodian was instructed at the beginning of the war and it is provided here, to record the details. The first point is when the treaties of peace are made with the enemy who presumably destroyed the property, it will rest with those who negotiate those treaties to determine whether the enemy will be required to make reparations for damages done to the property of allied citizens and their country. After that is done it will rest with the countries which execute the treaty to determine what machinery will be set up to deal with the claims. I think you will see by the report which was submitted and placed on the table of the House of Commons that the recorded claims vastly exceed in amount the enemy property in Canada. There will have to be set up some machinery to deal with that and it will not be a custodian matter at all. The government will have to consider whether they will set up a body authorized to examine those claims in order to see what will be presented to the enemy, and, after that, what amount can be collected. It does not, however, touch the work of the custodian.

Mr. GLADSTONE: There is a machinery here for recording.

The WITNESS: There is machinery for recording. It is under section 45 which the committee has not reached.

The VICE-CHAIRMAN: Will you make a note of that, Mr. Gladstone?

Shall section 25 carry?

Carried.

Mr. COTE: Mr. Chairman, this section 25 seems to have lost its purpose in the light of section 21 which we have passed. Would the judgment or the ruling of the exchequer court be retroactive? Section 21 (1) says, "all enemy property



is hereby vested in and made subject to the control of the custodian whether or not the property has been disclosed to the custodian as required by these regulations." Now, if the exchequer court decides that any such property is owned by an enemy what would happen if any transaction or dealing may have taken place since the entry into force of the regulations and until such judgment is rendered.

The WITNESS: I think it has never been resorted to. Section 21 is dealing with enemy property and gives the power of applicants to apply to exchequer court in cases of suspicion but it has never been invoked.

Mr. FLEMING: Do you need the power?

The WITNESS: I think we do need it, but the departmental officers are inclined to think we might agree to delete it. It has never been applied.

The VICE-CHAIRMAN: Do you wish it struck out?

Mr. COTE: I do not see any purpose if it has never been used.

The VICE-CHAIRMAN: Moved by Mr. Cote, seconded by Mr. Rinfret that section 25 (1) and (2) be struck out.

Carried.

Mr. COTE: Then passing to the next section, Mr. Chairman. This point should have been raised by me under section 21 and 23. What happens if the business operated between the entry of the regulations and the date of disclosure of the owning of any such property by an enemy.

The WITNESS: I do not quite get your point, Mr. Cote, I am sorry.

Mr. COTE: Well, this refers to the point which I think should be discussed with regard to section 25. I know I am out of order, but as a matter of information "all enemy property is hereby vested in and made subject to the control of the custodian whether or not the property has been disclosed to the custodian as required by these regulations".

What happens with bona fide third persons who happen to deal with agents or proxies of enemies owning any property in Canada in that interval.

The WITNESS: We have never had an instance.

Mr. FLEMING: I suppose, Mr. Chairman, the vesting took effect in any event from the date the regulations came into effect. You did not have to wait for an order of the court. This is an additional power under section 25 if the property belongs to, or if it is enemy property within the regulations, it was vested automatically on the date the regulations came into effect.

The WITNESS: Yes.

The VICE-CHAIRMAN: Are we agreed on 25?

Carried.

Shall section 26 carry?

Carried.

Shall section 27 carry?

Mr. FLEMING: That had better stand.

The VICE-CHAIRMAN: Section 27 will stand.

Section 28?

*By Mr. Rinfret:*

Q. Mr. Chairman, in connection with this, if a bank decides what they hold is enemy property does that make it enemy property? If a bank is holding some property which, in its judgment, it decides is enemy property, does that make it enemy property?—A. Enemy property is defined.

Q. Yes, but would the person who holds the property or manages it, decide whether it is enemy property?—A. Well he has to interpret the Act in the same manner he would have to interpret any other duty imposed upon him by law.

Q. If he does decide that it is enemy property and then afterwards decides it is not enemy property what becomes of the proceeds from any sale that might have arisen in the meantime?—A. Well I presume the custodian would, if it is decided that it is not enemy property, return what he gets as proceeds.

Q. Then, in the meantime if some of the property has been dissipated what happens?—A. What do you mean by that, that it has been sold?

Q. Well we have given to the custodian all the rights to this property.—A. Yes.

Q. Now if between the moment the bank decides it is enemy property and vests it with the custodian, the custodian goes along and sells some of the property and afterwards it is decided it is not enemy property, what recourse is there for the man who has seen his property sold by the custodian? What is his relief?—A. Well he would be entitled to whatever relief would be given by the court, in the same fashion as anyone else.

Q. By the fact the bank has decided it was enemy property he would have to go to the courts.—A. Yes, well if the bank acted otherwise than in good faith and in accordance with the law he would have any rights of action for damages that were open to him under the law.

Q. That seems a pretty wide power to give a bank or any person who holds or manages.

The VICE-CHAIRMAN: You are not giving power to the bank.

Mr. RINFRET: You are giving the power to any person who holds or manages.

The WITNESS: You are imposing power, you are not giving power.

Mr. RINFRET: They have to decide whether it is enemy property or not.

The VICE-CHAIRMAN: They have to get advice from the legal department.

The WITNESS: Yes, if they had any doubt.

Mr. FLEMING: That brings you back to section 7 does it not?

Mr. COTE: Yes, that is right, what would be the effect of section 7?

The VICE-CHAIRMAN: That one is standing at the present time.

Mr. RINFRET: Section 7 is standing is it?

The VICE-CHAIRMAN: Yes. We will go on to 28. Shall section 28 carry?

Carried.

Shall section 29 carry?—payment of moneys to custodian.

Carried.

Section 31, payment of bearer securities, shall that section carry?

Carried.

Section 32, shall that section carry?

Carried.

Shall section 33 carry?

Carried.

Section 34.

Mr. FLEMING: Mr. Chairman, there is a point raised in the third clause of this section which deals with the currency which is paid to the custodian, "where any money is payable or becomes payable to any enemy by contract, law or custom or in any other manner in other than Canadian currency, it shall, unless the custodian allows or directs otherwise, be paid to the custodian in Canadian currency at the rate of exchange equal to the average cable transfer rate prevailing in Canada during the month immediately preceding the commencement of the present war." The question is, what rate is the prevailing rate? This provides that the rate at which money or currency is to be translated into Canadian currency is at the rate of exchange equal to the average cable transfer rate during the month immediately preceding the commencement of the present war

or at such rate as may be fixed by the Foreign Exchange Control Board. Now I assume that the first part of that has not been applied for a good many years now, and that the Foreign Exchange Control Board has been fixing a rate from time to time.

The WITNESS: Well, practically all debts which were due to the enemy have long since been paid and they were cleared at this rate of exchange as provided here, a rate of exchange equal to the average cable rate of exchange prevailing in Canada.

Mr. FLEMING: Does that provision serve any useful purpose in 1947?

The WITNESS: I think we still might run across an old debt and one of our problems was the situation regarding the rate of exchange. I think it is necessary.

Mr. FLEMING: What rate has the Foreign Exchange Control Board been applying in more recent transactions?

The WITNESS: Well I would have to inquire about that.

The VICE-CHAIRMAN: Have you any particular country in mind with your question?

Mr. FLEMING: No, but it would be very difficult to strike a rate on some of those currencies.

The VICE-CHAIRMAN: I would judge that it is safeguarded in that paragraph. I will have to trust to the controller.

Will we pass on to section 34?

Carried.

Shall section 35 carry?

Carried.

Shall section 36 carry?

The WITNESS: That was the one that was standing along with 27.

The VICE-CHAIRMAN: Oh yes, section 36 shall stand. Shall section 37 carry?

Carried.

Section 38?

Mr. FLEMING: Mr. Chairman, on section 38. The minister, when the question of the disposal of the Japanese property was up in the House, said that no further real estate owned by persons of the Japanese race in Canada, in which they had an interest, would be disposed of without their consent.

The WITNESS: That applies to people of the Japanese race.

Mr. FLEMING: Yes.

The WITNESS: The evacuated Japanese.

Mr. PROBE: Has the present custodian power over the Japanese Canadian?

The WITNESS: Yes, but it is not under this bill, it is bill 104.

Mr. FLEMING: But bill 104 applies to the custodian "mutatis mutandis" the regulations under this schedule.

The VICE-CHAIRMAN: Shall section 38 carry?

Carried.

Section 39.

Carried.

Section 40.

Carried.

Section 41.

Carried.

Section 42.

Carried.

Section 43.

Carried.

Shall section 44 carry?



Mr. FLEMING: Mr. Chairman, 44 is the section prescribing the fee that may be charged by the custodian that may not "exceed 2 percentum of the value of the property including the income therefrom". I would like to ask what variations there have been from that maximum of 2 per cent. I am not asking for it in detail now but it might throw some light on the wisdom of continuing that particular form.

The WITNESS: I think there is a provision exactly similar to that in the United Kingdom. I think it is 3 per cent in the United States. It was not collected with respect to property of British subjects, Canadian and other British subjects residing in parts of the British Commonwealth which might have been invaded. As you well know, for five years the Channel Islands were under the control of the enemy. Similarly, Singapore, and certain parts of the far east. That is no charge was made with respect to those people who had been under the protection of the Union Jack or its local equivalent when their country or a particular area was overrun by no fault of theirs. In respect of British subjects who had elected to live in a foreign country which happened to be overrun the general rule is to charge approximately one per cent.

The VICE-CHAIRMAN: Shall section 44 carry?

Carried.

Mr. FLEMING: Well the second clause there, Mr. Chairman, provides that "the custodian may employ such part of the property vested in him or the proceeds therefrom as may be necessary the expenses incurred in the administration of these regulations". I do not want to ask any questions about that but it is just this sort of thing that we will have to watch in our review of the accounts later because these accounts have been outside the scope of public accounts entirely. The custodian under this provision was asking his own fees and expenditures.

The VICE-CHAIRMAN: Yes, well our reference is broad enough to cover that.

*By Mr. Rinfret:*

Q. Am I correct in saying this 2 per cent is charged on all properties vested in the custodian whether it is declared later on that it is not enemy property?

—A. If it were declared later not to be enemy property it would not have to be paid.

Q. The Rothschild case in the Supreme Court decided against that. They decided that Rothschild was responsible for 2 per cent even if his property was not declared enemy property.—A. Well I would not go quite that far.

Q. It is not the custom of the department to charge it when it is not declared enemy property.—A. No.

The VICE-CHAIRMAN: Shall section 45 carry?

Mr. FLEMING: There is one line that bothers me, "the action of the custodian will be confined". That is odd language.

The WITNESS: That was just to make it clear that he just has to keep the record. I think the intention was to make it quite clear that he was not, by recording, admitting any liability.

Mr. FLEMING: Well, should it not be imperative?

The VICE-CHAIRMAN: It is, practically.

Mr. FLEMING: Do you not think it should be "shall"?

The WITNESS: We will be quite willing to accept "shall".

The VICE-CHAIRMAN: Moved by Mr. Fleming, seconded by Mr. Winkler that the word "will", in line 38, shall be changed to "shall".

Shall section 46 carry?

Carried.

Shall section 47 carry?

Mr. PROBE: With respect to 47, I presume that when this clause became effective, that is when war was declared there was some opportunity for persons who had claims for passage for relatives to record their claims against German transport companies.

The WITNESS: That is precisely the point I raised the other day in connection with the Hamburg-American line and the North German Lloyd, and I then pointed out these ticket offices, principally in Montreal and Toronto, were mere agents for the collection of money and they remitted payments which they took in each day to the New York office of the German lines. When the custodian came in, all they had was a lease of the premises and a few odd sticks of office furniture which was not sufficient to pay the rent and claims for wages. Well, in most cases they did have enough to pay the rent and wages and under the Bankruptcy Act we did make some representations to the Alien Property Custodian in the United States concerning these Canadian people who had prepaid their money for passages and he pointed out that under an Act of Congress he was precluded from entertaining claims from persons outside the United States. I have since heard unofficially that the custodian's staff in Washington is trying to obtain legislation which would enable them to deal with claims of that nature.

Mr. PROBE: As far as your department is concerned you were willing and are willing to entertain a record of the claims even beyond the thirty days prescribed under the Act.

The WITNESS: Yes.

The VICE-CHAIRMAN: Shall section 50 carry?

Carried.

Section 51.

Carried.

Section 52.

Carried.

Section 53.

Carried.

Section 54.

Carried.

Section 55.

Carried.

Section 56.

Carried.

Section 57.

Carried.

Shall section 58 carry?

Mr. FLEMING: Mr. Chairman, the shifting of the onus of proof here to the person claiming an interest in the property gives the custodian an advantage and I think we should have some evidence of substantiating the need of this in time of peace.

The WITNESS: I think this is really more important now than in time of war because the claims are only beginning to come in. People are claiming this property was not enemy property at all and it is really owned by someone in a neutral country and I would think the only way you could deal with it is having them substantiate the fact that it is Swiss property or Portuguese property and not German.

The VICE-CHAIRMAN: Shall section 58 carry?

Mr. FLEMING: How about subsection 2?

The WITNESS: That is evidence that they submit in respect to making an application or petition. They shall present certified copies or photostatic copies to satisfy us that it is not enemy property. The idea was those should be on the file for the future if any question ever arose about it.

The VICE-CHAIRMAN: Shall section 58 carry?

Carried.

Section 59.

Carried.

Section 60.

Carried.

Section 62.

Carried.

Section 63.

Carried.

Section 64.

Carried.

Section 65.

Carried.

Shall section 68 carry?

Mr. FLEMING: 68, Mr. Chairman, why is that required now?

The WITNESS: I will have to look into that, if it might stand over with the others.

The VICE-CHAIRMAN: Section 68 will stand.

Shall 69 carry?

Carried.

Shall 70 carry?

Mr. FLEMING: Is it desirable to designate the regulations in that form now that the statutory provisions take effect?

The WITNESS: I think section 70 could stand, we would like to talk that over.

The VICE-CHAIRMAN: Gentlemen, shall we adjourn until this afternoon at 4.00 o'clock or will we carry over and give Doctor Coleman an opportunity of reviewing these sections?

Mr. FLEMING: Doctor Coleman suggests he might have the weekend.

Mr. STEWART: I suggest Tuesday morning.

Mr. FLEMING: At our next meeting, Mr. Chairman, we were going to confine ourselves to the sections that are being held over and start on these other matters afterwards?

The VICE-CHAIRMAN: We hope to do both.

Mr. FLEMING: I was wondering if it would not be better at the next meeting to finish up the bill and at the next following meeting we could be prepared to discuss the other matters.

The VICE-CHAIRMAN: I suggest we clean up the schedule.

Mr. FLEMING: Yes, but I was thinking our next main task is the reviewing of the accounts of the custodian and I would think we might save time if the steering committee met and discussed that point. We could easily waste a lot of time on that kind of an enquiry. My suggestion would be at the next meeting we clean up the schedule and the bill, and the steering committee might plan the next phase of our program.

The VICE-CHAIRMAN: That is what I had in mind. We will follow that procedure.

The meeting adjourned at 1.10 p.m. to meet again next Tuesday May 6.





















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(SESSION 1947)

(HOUSE OF COMMONS)

Government  
Publications

(STANDING COMMITTEE)

(ON)

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 3

BILL No. 22—AN ACT TO CONTINUE THE REVISED  
REGULATIONS RESPECTING TRADING WITH THE  
ENEMY (1943)

TUESDAY, MAY 6, 1947

WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, and  
Mr. K. W. Wright, Counsel;

Mr. D. H. W. Henry, Department of Justice.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947





## REPORT TO THE HOUSE

TUESDAY, May 6, 1947.

The Standing Committee on Public Accounts begs leave to present the following as a

### THIRD REPORT

Your Committee has considered Bill No. 22, An Act to continue the Revised Regulations respecting Trading with the Enemy (1943), and has agreed to report it with amendments.

A reprint of the said Bill has been ordered.

All of which is respectfully submitted.

GORDON B. ISNOR,  
*Vice-Chairman.*





## MINUTES OF PROCEEDINGS

TUESDAY, May 6, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor, presiding.

*Members present:* Messrs. Burton, Boucher, Cleaver, Cockeram, Cote (*Verdun*), Cruickshank, Fleming, Fraser, Gladstone, Golding, Hamel, Harris (*Danforth*), Isnor, Jackman, Johnston, Kirk, Marshall, Pinard, Probe, Stewart (*Winnipeg North*), Stuart (*Charlotte*), Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, and Mr. K. W. Wright, Counsel; Mr. D. H. W. Henry, Department of Justice.

The Committee resumed consideration of the Schedule to Bill 22, An Act to continue the Revised Regulations respecting Trading with the Enemy (1943).

Paragraph 1: On motion of Mr. Golding, subparagraph (*k*) was amended by the addition of the following words after the word *enemy* in the last thereof:

*; and for the purposes of this Regulation the war between His Majesty and the German Reich shall be deemed to have commenced on the second day of September, nineteen hundred and thirty-nine.*

Paragraph 1, as amended, was adopted.

Paragraph 6: On motion of Mr. Golding, subparagraph (2) was amended by the deletion of the words *the Secretary of State or* in the second line thereof.

Paragraph 6, as amended, was adopted.

Paragraph 7, on motion of Mr. Golding, was deleted and the following substituted therefor:

7. No person shall be liable for any act or omission in the exercise or performance or purported exercise or performance, in good faith and on reasonable grounds, of any power, discretion, authority or duty conferred or imposed by or under these Regulations.

Paragraph 15: On motion of Mr. Fleming, subparagraph (11) was amended by the deletion of the word *may* in the first line thereof and the substitution therefor of the word *shall*.

On motion of Mr. Golding, paragraph 15 was further amended by the addition of the following:

(14) Notwithstanding anything in this Regulation, where the Secretary of State has made an order under this Regulation, any person affected by the order may, within fifteen days from the day on which he receives notice of the order, apply to a judge of the Exchequer Court of Canada or of a superior court in the province in which the business is situated, to review the order and the judge may thereupon confirm or set aside the order.

Paragraph 15, as amended, was adopted.

Paragraph 27: On motion of Mr. Golding, subparagraph (2) was deleted and the following substituted therefor:

(2) Any person may, not less than thirty days after giving the Custodian notice of his claim, proceed in the Exchequer Court of Canada for an order declaring that he is not an enemy and

(a) that the property held or controlled by the Custodian is not subject to these Regulations and he is the owner thereof or of an interest therein; or

(b) that he was the owner of property or an interest in property immediately prior to its vesting in the Custodian under these Regulations; and if the Court makes such an order, the Court may thereupon direct the Custodian to deliver the property to the owner or to such other person as the Court may determine.

Paragraph 27, as amended, and paragraph 36 were adopted.

Paragraph 68, on motion of Mr. Golding, was deleted.

Paragraph 70 was adopted.

The Schedule, as amended, was adopted.

Clause one of the bill was adopted.

On motion of Mr. Golding, Clause two was deleted and the following substituted therefor:

2. (1) The Revised Regulations Respecting Trading with the Enemy (1943), set out in the Schedule to this Act, as established by an Order of the Governor in Council made under the *War Measures Act* on the thirteenth day of November, nineteen hundred and forty-three, and continued in force by an Order of the Governor in Council made on the twenty-eighth day of December, nineteen hundred and forty-five, under section four of *The National Emergency Transitional Powers Act, 1945*, and amended by an Order of the Governor in Council made on the fourteenth day of January, nineteen hundred and forty-seven, and by this Act shall, while this Act is in force, continue and be in full force and effect.

(2) The Revised Regulations Respecting Trading with the Enemy (1943) shall be read and construed as if the following provisions had been duly enacted as amendments thereto to take effect from the commencement of this Act:

(a) Paragraph (k) of Regulation one is amended by adding thereto the following:

; and for the purposes of this Regulation the war between His Majesty and the German Reich shall be deemed to have commenced on the 2nd day of September, nineteen hundred and thirty-nine;

(b) Paragraphs (c) and (f) of Regulation three are revoked;

(c) Section (2) of Regulation six is revoked and the following substituted therefor:

(2) Any power or duty conferred or imposed by or under these Regulations upon the Custodian may be delegated by him to such person or persons as he thinks proper;

(d) Regulation seven is revoked and the following substituted therefor:

7. No person shall be liable for any act or omission in the exercise or performance or purported exercise or performance, in good faith and on reasonable grounds, of any power, discretion, authority or duty conferred or imposed by or under these Regulations.;

(e) Subparagraphs (i) and (ii) of paragraph (f) of Regulation eight are revoked and the following substituted therefor:

(i) whether the business is carried on for the benefit of or under the control of an enemy;

(ii) the relations existing or which have, either before or after the commencement of the present war, existed between a person interested in the business and an enemy.;

(f) Section (2) of Regulation eleven is revoked and the following substituted therefor:

(2) The power of the Secretary of State to appoint a supervisor under this Regulation shall include a power to appoint a supervisor of the business carried on by any person for the purpose of ascertaining whether the business is carried on for the benefit of or under the control of an enemy, or for the purpose of ascertaining the relations existing, or which before the commencement of the present war existed, between such person and any enemy.

(g) Section (11) of Regulation fifteen is revoked and the following substituted therefor:

(11) The Secretary of State shall from time to time prepare and publish in the *Canada Gazette* lists of the persons as to whom orders have been made under this Regulation.;

(h) Regulation fifteen is amended by adding thereto the following as section (14):

(14) Notwithstanding anything in this Regulation, where the Secretary of State has made an order under this Regulation, any person affected by the order may, within fifteen days from the day on which he receives notice of the order, apply to a judge of the Exchequer Court of Canada or of a superior court in the province in which the business is situated, to review the order and the judge may thereupon confirm or set aside the order.;

(i) Regulation sixteen is revoked and the following substituted therefor:

16. Where, on the application of the Secretary of State, it appears to a judge of the Exchequer Court of Canada that a contract entered into prior to or after the commencement of the present war with an enemy or with a person in respect of whose business an order has been made under Regulation 15 of these Regulations is injurious to the public interest, the judge may by order cancel or determine the contract either unconditionally or upon such conditions as he deems proper and thereupon such contract shall be deemed to be cancelled or determined accordingly.;

(j) Regulation twenty-five is revoked;



(k) Section (2) of Regulation twenty-seven is revoked and the following substituted therefor:

(2) Any person may, not less than ninety days after giving the Custodian notice of his claim, proceed in the Exchequer Court of Canada for an order declaring that he is not an enemy and

(a) that the property held or controlled by the Custodian is not subject to these Regulations and he is the owner thereof or of an interest therein; or

(b) that he was the owner of property or an interest in property immediately prior to its vesting in the Custodian under these Regulations;

and if the Court makes such an order, the Court may thereupon direct the Custodian to deliver the property to the owner or to such other person as the Court may determine;

(l) Section (2) of Regulation forty-five is revoked and the following substituted therefor:

(2) Any person desiring to record such claims or property may obtain the necessary forms for that purpose from the Custodian but the action of the Custodian shall be confined to entering upon the record claims of which particulars are supplied to him, and it shall in no way commit the Custodian or the Government of Canada either to responsibility for the correctness of the claim entered or to taking action on the conclusion of hostilities or otherwise for the recovery of the claim or property in question.;

(m) Regulation 68 is revoked.

On motion of Mr. Golding, Clause three was deleted and the following substituted therefor:

3. The Custodian appointed by the Revised Regulations Respecting Trading with the Enemy (1943) shall, as soon as possible after the 31st day of December in each year and in any event within three months thereof, prepare an Annual Report of the affairs and operations of the Custodian's Office during the twelve month period ending on the 31st day of December, and the Secretary of State shall forthwith lay the said Report before Parliament if Parliament is then in session or within fifteen days of the commencement of the next session of Parliament.

Clause four, the preamble and the title were adopted.

The Bill, as amended, was adopted and the Vice-Chairman ordered to report to the House accordingly.

On motion of Mr. Fraser:

*Ordered*,—That the Bill, as amended, be reprinted.

At 12.10 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,

*Clerk of the Committee.*

## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 6, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Now, gentlemen, we have a quorum and we will at once proceed with the business before us. An inquiry was made of me this morning as to when I thought this bill would be ready to report and, knowing the members of the committee, and appreciating the manner in which they have cooperated, I took the liberty of saying that we would report this bill this afternoon. Mr. Probe, as usual, smiles. My thought is that I at once place before you the unfinished sections and those which have been stood over. They are eight in number, only, so I think I will be able to report the bill unless we run across some unexpected obstacles.

Mr. GOLDING: Would you give us a list of the sections concerned?

The VICE-CHAIRMAN: Yes, paragraph 1, subsection (k); Paragraph 6, subsection (2); paragraph 7; paragraph 15; paragraph 27; paragraph 36; paragraph 68; paragraph 70.

Mr. Fleming asked that certain of these paragraphs be stood aside and others were stood aside in order that Dr. Coleman might give them some study over the week-end. Shall we take up first paragraph 1, subsection (k).

### **Dr. E. H. Coleman, C.M.G., K.C., recalled:**

The WITNESS: After consultation with the officers of the Department of Justice we propose that the committee approve, and that the members move, that we add thereto the following, that is, paragraph (k) of regulation 1 is amended by adding thereto:—

And for the purpose of this regulation the war between His Majesty and the German Reich shall be deemed to have commenced on the second day of September, nineteen hundred and thirty-nine.

The regulations which were first passed under a state of apprehended war were made applicable from the second day of September. The subsequent regulations which were passed after war was declared were likewise made applicable from the second day of September, 1939, and it would have a rather disastrous effect on the regulations if that amendment were not to be made here.

Mr. FLEMING: May I ask why the second of September was chosen?

The WITNESS: The day before war was declared.

Mr. FLEMING: By Britain and France?

The WITNESS: Yes, after the invasion of Poland.

Mr. FLEMING: The invasion of Poland commenced on the first of September.

The WITNESS: Yes, and Britain and France presented their notes on the first.

Mr. FLEMING: If I may ask, why does Dr. Coleman choose the first?

The WITNESS: I did not choose it, it was chosen at the time and it has been operating on that basis. I think there was still some hope on the first that there might be a withdrawal and it was not until the second that it became clear the invasion was underway.

The VICE-CHAIRMAN: For the benefit of the latecomers, particularly Mr. Stewart, I would say that we are now dealing with subsection (k) of section 1, and an amendment has been proposed by Dr. Coleman to cover the point raised by Mr. Stewart.

The WITNESS: The amendment is, "and for the purposes of this regulation the war between His Majesty and the German Reich shall be deemed to have commenced on the second day of September, 1939."

The VICE-CHAIRMAN: Is the amendment agreeable? Shall the amendment carry?

Carried.

The next item is paragraph 6, subsection (2).

The WITNESS: In connection with this matter I have had the advantage of conferring with the minister and it would be agreeable, if the committee approves, to stroke out the words "The secretary of state or".

Mr. BURTON: Whereabouts is that?

The WITNESS: Page 5.

The VICE-CHAIRMAN: Yes, page 5.

The WITNESS: Paragraph 2 of regulation 6 is revoked and the following substituted therefor:

(2) Any power or duty conferred or imposed by or under these regulations upon the custodian may be delegated by him to such person or persons as he thinks proper.

That is, any of the powers out of the ordinary under these regulations, providing for the exercise of such powers by the Secretary of State. It is actually taken care of by the section of the interpretation Act. The department feels it is not necessary to have it in any longer.

The VICE-CHAIRMAN: Is it agreeable?

Mr. FLEMING: It does not touch the matter of delegation as far as the custodian is concerned, and while I don't want to be dogmatic about this, it seems to me important powers like this, conferred on the custodian, should not be open to unlimited delegation. I agree that the amendment proposed helps a good deal, but I think there should have been some limit imposed on the extent of powers of delegation.

Mr. COTE: Would you have any suggestions to offer?

Mr. FLEMING: What I suggested when this item was reached at an earlier meeting was that the power of those delegations should be confined to certain individuals like the deputy assistant. Actually, as I understand it, the powers of the custodian under the regulation have never been exercised as a result of delegation by more than about two officials.

The WITNESS: Other than the inspectors and so forth.

Mr. FLEMING: These individuals derive their powers under other sections of the regulations and not by delegation under subsection (2) of section 6. Now, here, unlimited power of delegation is being preserved in time of peace where, even in time of war, it was not necessary to have the power of delegation extend beyond a couple of officials of the department.

Mr. JOHNSTON: What is the purpose of having the power in here.



The VICE-CHAIRMAN: I think Dr. Coleman explained that at the last meeting. Would you enlarge upon it again, doctor?

The WITNESS: It is a pure matter of administration. The custodian himself cannot possibly do all the things in his own person, things which he is required to do under the regulations, and he has to appoint agents or officials to do those things for him.

Mr. JOHNSTON: It has been suggested he never used the powers during the war and is not likely to use them again.

The WITNESS: No, that is not quite correct. He has given limited powers of delegation to certain people but the only people to whom he gave general powers happened to be the deputy custodian and the assistant custodian, but he gave them plenty. In specific matters he gave limited powers to various people.

The VICE-CHAIRMAN: Shall paragraph 6, subsection (2) carry?

Carried.

The WITNESS: As a matter of technical procedure, a representative of the Department of Justice has asked me if you would give consideration to a motion in the form which I read a minute ago,

Paragraph (2) of regulation 6 is revoked and the following substituted therefor:

(2) Any power or duty conferred or imposed by or under these regulations upon the custodian may be delegated by him to such person or persons as he thinks proper.

The object in that is to comply with ordinary parliamentary practice when a section is altered.

Agreed.

The VICE-CHAIRMAN: The next is section 7.

The WITNESS: This regulation, No. 7, which was held over, was carefully considered by the department, together with the representatives of the Department of Justice, and it is proposed to revoke that regulation and put in a substitution which reads,

7. No person shall be liable for any act or omission in the exercise or performance or purported exercise or performance, in good faith and on reasonable grounds, of any power, discretion, authority or duty conferred or imposed by or under these regulations.

I understand that is substantially the amendment as made in bill 104 and in two or three of the orders in council which were covered there.

The VICE-CHAIRMAN: Mr. Fleming raised that point. Is that agreeable to you, Mr. Fleming?

Mr. FLEMING: Well, if one might have seen the important amendments of that kind together, it would have made it easier to follow. I think, as far as I can tell at the moment, that it meets some of the objections, but you will remember that section was tied up with some points raised in connection with sections 27 and 36. If we could see all of them together it might help in following each of them.

The VICE-CHAIRMAN: Gentlemen, I am sorry but I have not sufficient quantities to pass around. Mr. Fleming raised this point, and if you will not misunderstand me, I will pass this copy which I have along to Mr. Fleming. It has been suggested that we deal with 7, and 27 together. We will pass up 15 and come back to it later. Will you read regulations 7 and 27 together, gentlemen? You will find 27 on page 12.



The WITNESS: The proposal is that paragraph (2) of regulation 27 is revoked and the following substituted therefor:

(2) Any person may, not less than ninety days after giving the custodian notice of his claim, proceed in the Exchequer Court of Canada for an order declaring that he is not an enemy and

(a) that property held or controlled by the custodian is not subject to these regulations and he is the owner thereof or of an interest therein; or

(b) that he was the owner of property or an interest in property immediately prior to its vesting in the custodian under these regulations; and if the court makes such an order, the court may thereupon direct the custodian to deliver the property to the owner or to such other person as the court may determine.

The vital section is of course in the last part, "and if the court makes such an order, the court may thereupon direct the custodian to deliver the property to the owner or to such other person as the court may determine.

Mr. FLEMING: Mr. Chairman, may I ask is there any amendment proposed to regulation 36?

The WITNESS: It was thought, if regulations 7 and 27 were adopted in the amended form it would obviate any necessity of amending regulation No. 36. My colleague, Mr. Henry of the Department of Justice is here and he might have a word or two to say about it.

Mr. FLEMING: What about the question that I raised at the last meeting? Does it prevent a defendant in an action commenced in the Exchequer Court or an action commenced by the Custodian, to counter-claim?

The WITNESS: It seems to be the opinion of the Department of Justice that would be involved in any case.

Mr. FLEMING: Would Mr. Henry speak up?

Mr. HENRY: I do not like to say dogmatically that the individual would have a right to counter-claim in the same action in the Exchequer Court, but, if section 7 as amended is adopted, he would have a right of action according to law for the remedy which he is seeking in whatever court has jurisdiction to entertain it. We have not limited it to any court whatsoever. I would not like to say he could proceed by way of counter-claim in the Exchequer Court in an action brought by the custodian under section 36, but he would have a remedy if the Exchequer Court has jurisdiction. Then he could proceed. Also he could proceed in any other court in an action instituted by himself.

Mr. FLEMING: He might conceivably be thwarted by the time limit in section 27. I do not suppose the custodian is going to take a severe stand with respect to the time limit, but suppose the ninety days has gone by and no action has been taken by the individual and the custodian then takes action against him. I think under those circumstances it would be fair to allow him to make his counter-claim. I think Dr. Coleman indicated in the last meeting that in no case had the custodian insisted on his rights under the section requiring that notice to be given within the ninety-day period. Now, so long as that practice is followed by the custodian, I suppose there is no serious difficulty that could arise without a specific provision for making a counter-claim.

Mr. HENRY: I think, Mr. Fleming, I am right in saying this. There are cases in which the Crown, quite apart from these regulations, can proceed in its own court, the Exchequer Court, where there is no provision for the subject to bring action himself in that particular type of claim against the Crown and you have there the same proposition. The situation is usually worked out by

the Crown, in that case, bringing its action in the court where the subject himself can bring a counter-claim. The situation is not much different in this case.

Mr. FLEMING: I think these amendments, Mr. Chairman, are a big improvement.

The VICE-CHAIRMAN: Well, gentlemen, shall the sections carry, sections 7, 27 and 36?

Carried.

The VICE-CHAIRMAN: We will go back to 15, on page 8, the appointment of controller.

The WITNESS: I think you have covered, if I may say so, sir, all the subsections until (11), where it was proposed by a member of the committee that the word "may" should be altered to the word "shall".

The VICE-CHAIRMAN: That change was made.

The WITNESS: We propose that paragraph (11) of regulation 15 be revoked and the following substituted therefor: "(11) The Secretary of State shall from time to time prepare and publish in the *Canada Gazette* lists of the persons as to whom orders have been made under this regulation."

And then the other point raised in connection with regulation (14) was dealt with by adding thereto the following:

(14) Notwithstanding anything in this regulation where the Secretary of State has made an order under this regulation, any person affected by the order may, within fifteen days from the day on which he received notice of the order, apply to a judge of the Exchequer Court of Canada or of a superior court in the province in which the business is situated, to review the order and the judge may thereupon confirm or set aside the order.

That would meet the objection which was made.

Mr. FLEMING: May I ask on what ground the judge may proceed under the proposed subclause?

The WITNESS: The view of the Department of Justice is that he would then put himself in the position of the Secretary of State and hear evidence if there were grounds upon which that order had been made and should be confirmed.

The VICE-CHAIRMAN: Shall the section carry?

Carried.

Then there is 68 on page 21.

Mr. FLEMING: Mr. Chairman, what about this new section 16 that was proposed?

The VICE-CHAIRMAN: Was not that passed the other day?

The WITNESS: Yes, it covers all the ones that were passed. Now the proposals of the officers of the minister are that we revoke section 68.

The VICE-CHAIRMAN: Shall section 68 be revoked?

Carried.

The VICE-CHAIRMAN: What about section 70?

The WITNESS: That was held over for technical reasons in the event of the bill changing the year of the regulations. Our proposal is that it continue in these words and the main form of the bill be conformatory to the regulations of 1943. If that clause of the bill is accepted we would want regulation 70 to be retained.

Mr. FLEMING: I may be dense on this, but I still do not see the cause for retaining 70. Surely from now on reference is going to be to this bill by whatever bill may appear as an Act of parliament, and all reference will be made to the schedule of the statute. Therefore I do not see any reason now for retaining the designation for the schedule other than that it should be referred to as the schedule of the statute.

Mr. HENRY: Mr. Fleming, the only purpose of the bill is to continue the order in council in force without allowing it to expire, as will the other orders in council not continued in force and which were passed under the War Measures Act and which will remain in force by virtue of an order made under the War Emergency Powers Act. The name of the regulations is "revised regulations respecting trading with the enemy, (1943)" and they are to be considered or deemed to be amended by this Act in the same way that orders in council appearing in bill 104 were deemed to be amended by the parliamentary amendments written into the schedule of the Act. Now, all you have done here is that you have printed regulations under the schedule as it has been practical to do, but it has not been practical to do so under bill 104, and you are continuing these regulations in force. Now we are trying to show amendments which parliament has made somewhere in the bill and it is an unwieldy thing to have to do. The amendments must be shown in the bill and if you change the date of the regulations you then have a new set of regulations and it is difficult to show the amendments to them because if you were to call them by date, 1947, you have a completely new set of regulations, not the old set as amended by parliament.

Mr. FLEMING: It is not a matter, perhaps, of supreme importance.

Mr. HENRY: No, it is just a matter of a practical set-up of the bill.

The VICE-CHAIRMAN: Shall the section carry?

Carried.

Now, gentlemen, we will deal with the bill itself. The short title, shall it carry?

Carried.

## Section 2.

The WITNESS: Under 2 it is proposed, if agreeable to the committee, that the present regulation 2, with the addition of two or three words, shall be paragraph (1) of section 2.

2(1) The revised regulations respecting trading with the enemy (1943), set out in the schedule to this Act, as established by an order of the Governor in Council made under the War Measures Act on the thirteenth day of November, nineteen hundred and forty-three, and continued in force by an order of the Governor in Council made on the twenty-eighth day of December, nineteen hundred and forty-five, under section four of the National Emergency Transitional Powers Act, 1945, and amended by an order of the Governor in Council made on the fourteenth day of January, nineteen hundred and forty-seven, and by this Act shall, while this Act is in force, continue and be in full force and effect subject to amendment under this Act.

Mr. FLEMING: That is just incorporating the amendment here.

The WITNESS: Yes. Then it is proposed to put in subsection (2):

(2) The revised regulations respecting trading with the enemy (1943) shall be read and construed as if the following provisions had been duly enacted as amendments thereto to take effect from the commencement of this Act.

And then it is proposed, if the committee approves, to set out fully all the amendments, am I right, Mr. Henry, right in the body of the bill.



Mr. FLEMING: Mr. Chairman, if the matter is open for discussion, no doubt, it will be said that there is a precedent for this sort of thing in the omnibus bill, but personally I do not like the precedent. I think it is a very cumbersome and unwieldy method of legislating. I do not know why we should not be making our own amendments under these regulations as though this schedule is what a schedule normally is, part of a bill, and appended to the bill for special reasons. Here we are showing the schedule as part of the bill and it is deemed to have force and effect of law, then we go and in another section we say, "no, that is not just so, it is a schedule as printed, but it is not the law." Having said in paragraph (1) it is the law, then we say we will make more amendments under subsection (2). Now surely that is, on the face of it, a most cumbersome and unwieldy type of manner in which to legislate. We are trying to make our legislation as simple and direct as possible. If that is so, why do we not say in the bill that the second schedule is the law and write the schedule in terms of the law as it is to be after we have finished with the amendments.

Mr. HENRY: Mr. Chairman, that is what we intend to do. The amendments must be shown in the Act to show what parliament has done because you are not setting up a new set of regulations, you are continuing the old ones in force.

Mr. FLEMING: Would not that be taken care of in the reprint of the bill in the schedule?

Mr. HENRY: Yes. Your schedule will be complete, that will be the schedule as amended by parliament.

The VICE-CHAIRMAN: Mr. Fleming's point is if they are reprinted as amended by this committee why is there a necessity to add this third clause?

Mr. FLEMING: Well, it is clause (2) of section 2.

Mr. HENRY: The reason for that is to show the amendments which parliament has made.

Mr. FLEMING: On the basis of Mr. Henry's explanation, it is at least repetition, because these regulations will come to an end on the 15th of May, in any event.

Mr. HENRY: Yes.

Mr. FLEMING: What we are trying to do now is to legislate something that will take its place after May 15.

Mr. HENRY: You are continuing in force the order in council and parliament has said they wished certain changes made and the changes which parliament has recommended are shown in the bill and for convenience we print the complete regulation as amended and not the schedule. It was not practical to do that in the case of bill 104, but here we have something to continue, at least we presume it will continue, until the peace treaties are signed, and how long that will be we do not know.

Mr. FLEMING: Let us be quite clear on this. The official version of the revised regulations respecting trading with the enemy shall be in force and effect from the date of enactment of this bill and after that the official version is to be the schedule appended to the bill.

Mr. HENRY: That is correct.

Mr. FLEMING: And there will not be any question of going back to the order in council?

Mr. HENRY: No, you do not have to read the amendment because the schedule will be correct.

Mr. FLEMING: But we do not want to have a situation like we have with respect to bill 104, where you have to go back to the Privy Council to get the original order in council. Now, just one question, Mr. Chairman, do the words in what will be subsection (1) of section 2 continue as before, "and be in full force and effect subject to amendment under this Act"?



Mr. HENRY: That is correct.

Mr. FLEMING: I might as well say I do not like the idea that is embodied in that phrase, and also in section 3. I do not think we ought, speaking as members of parliament now, to be continuing a power of the Governor in Council to make or change the regulations which now give force to statute as a schedule to this Act. The reason given is that changes may be necessary in the light of the peace treaties. Well, surely that situation can be dealt with by parliament when the treaties are presented to parliament for ratification. If there are any changes necessary in this measure, assuming it is then statute law, any other parliament can make it at that time. I do not believe parliament ought to be saying, "All right, we will make these regulations today and we will give them force and effect of statute but in case there are some treaties of peace presented later on to parliament and some changes may be necessary then, we will now give the Governor in Council power to change those regulations which are part of this Act". Surely to goodness when parliament comes to deal with the ratification of those peace treaties parliament can say what changes ought to be made in the provisions of this Act. For my part I think we ought to cut out those words in section 2, now subsection (1), the subject of amendment to this Act, and I think we ought to cut out section 3 from the bill entirely.

The VICE-CHAIRMAN: Dealing with the words in section 2, Mr. Fleming, what words do you refer to particularly?

Mr. FLEMING: The last line, "subject to amendment under this Act".

The VICE-CHAIRMAN: Would not this Act more or less automatically go out of force when the peace treaties are signed?

Mr. FLEMING: They would only go out of force and effect subject to the terms of the peace treaties and the measure by which parliament proposed to give those peace treaties force and effect under the law in Canada.

The VICE-CHAIRMAN: What would you say to that, Mr. Henry?

The WITNESS: Well, I have had the opportunity, while you have been talking, to discuss this with Mr. Henry. This bill, as you understand, has been prepared by the officers of the law but I now think we would be prepared to drop it altogether.

Mr. FLEMING: And with it, the words "subject to amendment under this Act" in subsection (1) of section 2.

The WITNESS: Yes.

The VICE-CHAIRMAN: Section 3 is deleted.

Carried.

The WITNESS: Then we have another suggestion to make, sir, for the time when this will be discussed by the House of Commons.

The VICE-CHAIRMAN: Let us have it now.

The WITNESS: The Secretary of State has no objection to the custodian being required to file an annual report and it is proposed to insert in the bill the following:

The custodian appointed by the revised regulations respecting trading with the enemy (1943) shall, as soon as possible after the 31st day of December in each year and in any event within three months thereof, prepare an annual report of the affairs and operations of the custodian's office during the twelve month period ending on the 31st day of December, and the Secretary of State shall forthwith lay the said report before parliament if parliament is then in session or within fifteen days of the commencement of the next session of parliament.

Mr. FLEMING: I am glad to have that.

The VICE-CHAIRMAN: Would that be No. 3 now?

The WITNESS: Yes.

Mr. FLEMING: I would be very happy to move that.

The VICE-CHAIRMAN: The new provision would now be known as No. 3.

The WITNESS: Yes.

The VICE-CHAIRMAN: Shall the proposed section No. 3 carry?

Carried.

The next is section 4, "Duration". Shall the section carry?

Carried.

Shall the Act carry?

Carried.

Shall I report the bill?

Carried.

A motion to reprint is in order.

Mr. FRASER: I so move.

The VICE-CHAIRMAN: Moved by Mr. Fraser, seconded by Mr. Cote, that the bill be reprinted.

And now a motion that the bill as amended be reported to the House?

A Hon. MEMBER: Moved.

Carried.

The VICE-CHAIRMAN: Thank you very much, gentlemen, we will adjourn now.

The committee adjourned at 12.10 p.m. to meet again at the call of the chair.









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Canada Public Accounts, Standing  
Committee, 1947

EN 1219

(SESSION 1947)

(HOUSE OF COMMONS)

Government  
Publications

(STANDING COMMITTEE)

(ON)

# (PUBLIC ACCOUNTS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 4

THURSDAY, MAY 8, 1947

## WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;  
Mr. F. G. Shears, Director, Vancouver Office; and  
Mr. K. W. Wright, Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947





## MINUTES OF PROCEEDINGS

THURSDAY, May 8, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor, presiding.

*Members present:* Messrs. Boucher, Burton, Cockeram, Cote (*Verdun*), Cruickshank, Fleming, Gladstone, Golding, Grant, Green, Isnor, Jaenicke, Kirk, Marshall, Pinard, Probe, Raymond (*Wright*), Rinfret, Stewart (*Winnipeg North*), Stuart (*Charlotte*), Thatcher, Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, Mr. F. G. Shears, Director, Vancouver Office, and Mr. K. W. Wright, Counsel.

The Chairman presented the Second Report of the Steering Committee, which is as follows:

Your Steering Committee met on Tuesday, May 6, and begs to present the following as a Second Report:

It is recommended that the Committee proceed immediately with an inquiry into the administration of the Regulations respecting Trading with the Enemy, in accordance with its Order of Reference dated April 30. It is also recommended that the various subjects be dealt with in the following order:

1. Examination of the Officer in charge of the Vancouver office of the Custodian, Mr. F. G. Shears;
2. Review of the administration of the property of illegal organizations;
3. Investigation of the Ottawa office of the Custodian;
4. Examination of the Custodian's accounts.

Mr. Burton moved that a representative of the Cooperative Committee on Japanese Canadians be invited to appear before the Committee.

After discussion, it was agreed that Mr. Burton's motion be referred to the Steering Committee.

Mr. Shears was called, heard and questioned.

Mr. Shears filed a copy of a registration form completed by persons of the Japanese race having property in any protected area, which is printed as *Appendix A* to this day's minutes of proceedings and evidence.

Mr. Shears filed a copy of *Catalogue of Real Property for Sale by Public Tender*, issued by The Custodian, Vancouver, B.C., and dated June 19, 1943.

At 1.00 o'clock p.m. the Committee adjourned until Friday, May 9, at 11.30 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
May 8, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Order, please. The first order of business today is to receive a report from the steering committee which met on Tuesday, May 6; and I shall ask the clerk to read that report.

(See minutes of proceedings).

Now, gentlemen, it is moved by Mr. Golding and seconded by Mr. Fleming that the report as read be adopted.

Mr. BURTON: Mr. Chairman, I regret that at the meeting of the steering committee I did not have all the information I required, otherwise I would have moved my motion at that time; but with your permission I would like to move now that a representative of the Cooperative Committee on Japanese-Canadians be invited to appear before this Public Accounts committee.

The VICE-CHAIRMAN: Gentlemen, you have heard the report of the steering committee; is it approved?

Carried.

Now, you have heard Mr. Burton's motion with regard to Japanese-Canadians. Shall we pass that on to the steering committee?

Mr. GOLDING: I suggest, Mr. Chairman, that matters of that kind should be dealt with by the steering committee.

The CHAIRMAN: I think that is the general procedure.

Mr. FLEMING: Perhaps I am at fault in this matter. As a matter of fact I was late in getting to the meeting of the steering committee; it had just about adjourned; but I was interested in that same question. I have had some communications from that committee. I was tempted to open up the question of how far and in what direction we proposed to go in reference to this present inquiry. It certainly would not be practicable for this committee to undertake a review of individual cases or individual claims of which there must be a great many. In this committee we will have to give some consideration to administration conducted in this matter by the custodian's office, and it may be that we shall have some recommendations to make concerning the treatment of claims that may be made by some of these persons. I know there are some claims in the process of being made and which have been under consideration by the government. What kind of forum should be appointed to deal with such claims, or what should be the scope of the powers of that body is a matter of consideration; but if we can shorten the labours of this committee by having an organized presentation of views on behalf of those who may have been affected by the administration of the custodian's office, I think that would be infinitely better than having a number of individuals come forward with presentations and individual experiences; and others who would not have those views at all.

It seems to me that to achieve a full understanding of this problem we will want some presentation of views from people representing the interest we are

concerned with. I think that we will make time in the long run and hear a more complete presentation of the whole case, perhaps, if we invite these organizations to send a representative along to a meeting to put forth their views.

The VICE-CHAIRMAN: I think we would be following the general practice if we refer not only this but similar questions to the steering committee. There will be others which we will have to decide; requests with regard to the calling of witnesses. I do not think we are in a position to make that decision until we have heard the statement which will be made by Mr. Shears and others who will appear before the committee, as outlined in the report. Is that agreeable to honourable members?

Mr. BURTON: Mr. Chairman, that will be quite acceptable to me. As I pointed out at the beginning had I had this information at the time I would have made a motion in the steering committee.

The VICE-CHAIRMAN: Gentlemen, you have heard Mr. Burton's motion. Shall it be referred to the steering committee?

Carried.

Now, following your recommendation of approval I shall call on Mr. Shears as the first witness. You will recall that at our meeting of April 28 we had before us the Secretary of State, Hon. Mr. Gibson, and Dr. E. H. Coleman. Dr. Coleman made a complete statement and a very interesting one, and it was agreed at that time that he be allowed to complete his statement before being questioned. I suggest that we might follow the same procedure now, because it worked so satisfactorily before, and that we allow Mr. Shears to make his statement before we question him. Is that agreeable to the committee?

Carried.

**Frank G. Shears, Director of the Office of the Custodian, Vancouver, called:**

The WITNESS: Mr. Chairman and gentlemen, as director of the office of the custodian at Vancouver I am pleased to have an opportunity of presenting a brief summary of the general administration and liquidation of Real Property and of the problems in regard to personal effects of the Japanese who were evacuated from the protected area. It was as a result of the policy of evacuation that the control and management of all property left in the protected area had to be administered by the custodian. The protected area is defined by a government order. Briefly, it extends along the whole of the coastline for several hundred miles and into the interior, roughly bounded by the Cascade mountains. In addition to that it takes in Vancouver island, the Queen Charlotte islands, and other small islands known as the Gulf islands. In that area there were approximately 1,700 parcels of real property which were owned by Japanese or in which the Japanese had an equitable interest; and in addition to that, of course, there were the businesses and household economy of approximately 22,000 Japanese who resided in that area, many of them not living in their own property but in rented homes or in rooms. Many of them were concentrated in small areas as, for instance, in the city of Vancouver, in one particular section. Others lived in fishing villages, for example, Steveston, about twenty miles from Vancouver. Then there was a considerable group who lived and made their livelihood in the Fraser Valley, on both the north and south sides of the river; and in addition to them there were the Japanese who were located here and there in isolated places throughout that protected area. Now, their property became vested in the custodian, either upon registration by themselves or automatically when they were evacuated and left that protected area.

During the period of evacuation which lasted several months—I think it was September or October before it was really finally completed—there did exist in the minds of the Japanese a considerable amount of confusion; they were not quite sure, so to speak, which way they were going: some of them were reluctant to place their affairs in the hands of the custodian, and quite a number of transactions were arranged by themselves during that period. Many of them had confectionery stores, fruit stores, dry cleaning establishments, dressmaking places, and they considered it desirable in their own interests that they should make their own arrangements for the disposition of their own businesses. Several hundreds of that type of property did change hands by the Japanese own negotiations.

*By Mr. Gladstone:*

Q. You said September or October; September or October of which year?—

A. 1942. The evacuation commenced in March, 1942, but it continued to September and October 1942. I think it is true to say that in that period when many of these Japanese were making such arrangements certain sections of the general public took advantage of the situation and the Japanese disposed of property at prices which probably were not adequate. In any case, up to that point the custodian was not in the picture.

Q. What was the date of Pearl Harbour?—A. December 7, 1941. In order that the custodian might secure correct and adequate information with regard to all this property which was being left in this area a form was prepared for use in registration. I would like you to understand that this registration was not compulsory, it was purely voluntary. The statement made by them reads as follows: "I, the undersigned, hereby voluntarily turn over to the custodian all my property in the protected area as set out above..." and it goes on further and says, "I certify that the above information is true and complete and fully discloses all my property of every description in any protected area in British Columbia..."

(Form appears as Appendix "A".)

Now, unfortunately, from the custodian's point of view these registrations were not always true, and very often they were not complete. In a considerable number of instances they were certainly not accurate; and for the most part they were all inadequate. That is a fact without a shadow of doubt.

Mr. PINARD: What do you mean when you say they were not true?

The WITNESS: The statements the Japanese made in regard to what property they were leaving, the location and so forth, as subsequent events proved, were not correct. I will not say it was done deliberately; but the information on which the custodian had to base some of his initial work was largely taken from this form, and he was not supplied in many cases with correct and adequate information.

*By Mr. Cockeram:*

Q. Do you mean a description of the property?—A. Yes, a description of the property that he was leaving in the hands of the custodian.

Q. Does that include personal property?—A. Real property and personal property. There were a few exceptions which I will mention a little later on. Broadly stated, I am speaking of real and personal property.

*By Mr. Boucher:*

Q. It did not include money or securities?—A. No. As a matter of fact, it excluded money, bonds, stocks, shares, certificates and fishing vessels.

The VICE-CHAIRMAN: We will have this tabled before us.



Mr. FLEMING: Will it be printed in the proceedings?

The VICE-CHAIRMAN: If that is the wish of the committee.

The WITNESS: I think, perhaps, you might look at some other exhibits which I have. In regard to real property, gentlemen, the securing of information in regard to same, was not of course particularly difficult. We were able to secure information from the Land Registry offices and municipal authorities, and those departments co-operated in a very fine way. We were able to obtain the necessary information regarding ownership of Japanese real estate.

The first thing which we did was to appoint inspectors who would inspect these properties and make reports to our office. These inspections had to be made in a somewhat rapid and cursory manner, of course, and then, based upon these investigation reports, agents were appointed for the administration of those properties. These Japanese were being moved out of their homes. In some cases they had found a tenant for their property and in some cases they had not. It became one of our first responsibilities to find tenants for those properties and that was done fairly rapidly. There were very few properties that after a medium length of time were not occupied and revenue-bearing. As a matter of fact, the approximate amount of revenues which the custodian has collected from these properties was about \$550,000.

There was another type of property which the custodian had to deal with and that was the farms which I have mentioned situated in the Fraser Valley. There were somewhat over 700 of them. The situation was this, that at the time the Japanese were being evacuated the crops were already growing. For the most part these Japanese were members of co-operatives, and with the assistance of the management of these co-operatives the Japanese themselves entered into negotiations with white people under which they leased their farms; these farms were half an acre or one acre or five acres—small farms—berry-growing farms. The Japanese made arrangements to lease their property for one year for an amount including the value of the growing crop. In that way to some extent these farms were protected; but as you can appreciate that type of farm might have rapidly deteriorated, but that condition did not arise—certainly not to the fullest extent because all of these farms were occupied by some white persons who took over after having made some arrangement with the Japanese through the co-operatives in which they were interested. The Japanese usually received some cash payments and the balance was all collected by the custodian subsequent to the owners' evacuation.

*By Mr. Pinard:*

Q. Did they have their own cooperative?—A. There was the cooperative called the Pacific Cooperative Union in which the membership was largely Japanese, but I do not know whether you would call it their own cooperative.

Q. Was it for their own people?

The VICE-CHAIRMAN: Gentlemen, I am afraid I shall have to ask you to respect the ruling with regard to interrupting the witness, because if I grant permission to one member to question the witness I shall have to do so to other members. It was agreed, may I say for the benefit of those who came in late, that Mr. Shears would complete his statement and then be open to questioning.

The WITNESS: Another problem, of course, was the matter of chattels and of personal property, household furniture of all those 22,000 people. In quite a number of instances the Japanese did show some initiative. Living in certain communities they gathered their effects together and stored them in one of their own buildings, a church or a school building; but for the most part all of their goods and chattels had to be handled by the custodian and moved to storage for protection. As a matter of fact, over thirty storage locations had to be secured in order to take care of the personal effects of these Japanese. In Vancouver—

speaking of one building in particular, a Japanese-owned building at 992 Powell street with four floors and a basement, something over, I think, 12,000 square feet of space, with each floor being higher than this room—that building was simply crowded with chattels and furniture and general effects of the Japanese. The position in which the custodian found himself in regard to the matter of chattels was this; he would go into a home from which the Japanese had been evacuated, in some cases we have found even the last meal on the table and not a thing done to the goods which were left; in other cases things had been packed very well. In quite a number of cases a certain amount of packing had been done by throwing certain small items into boxes without lids—sometimes in cardboard cartons. Now, I think you can imagine the condition. Even in our own homes, after having lived in them for a few years and moved out, we have quite a lot of stuff to either destroy or move. The Japanese did not destroy anything. We had the whole of the household effects of the 22,000 Japanese throughout all that protected area to handle in some way. I believe, gentlemen, that only by seeing that particular situation could you fully appreciate what a problem it was. Dr. Coleman, during one of his visits to Vancouver, was able to see some part of the type of chattels which we were handling. There were two advisory committees to which I will refer later. Mr. Justice Sydney Smith, Judge Whiteside, and other members of these committees on several occasions visited the storage places and were simply appalled at the detail of the problem which had to be faced. Even in regard to the matter of identification; because of the manner in which goods were often packed, we were not aware as to whose goods they were. For instance, Mrs. Takahashi would run across to her neighbour Mrs. Kobayhashi and borrow some boxes which might have Mrs. Kobayhashi's name on them, but she would put her own chattels in them and it would appear as though you were dealing with Mrs. Kobayhashi's chattels when you were really dealing with Mrs. Takahashi's chattels. I am simply giving some of the details of the problem which faced us. Now, gentlemen, that was all as a result of the policy of evacuation.

I would now like to come to what resulted from the policy of liquidation, and that, of course, is another phase. We are all aware that many complaints have been made—these complaints have appeared in the press; statements have been made on the floor of the House—that the custodian appears to have given away and sold for a song much of the property which was placed in his hands for protective custody. I should like on this occasion to make very clear the method by which the custodian has liquidated the real and personal property of Japanese who were evacuated from the protected area, and first of all I should like to deal with the real properties which were sold to individuals. No sale, not one sale, has been made by private negotiation; all properties have been advertised and tenders have been called for. The type of advertising is not the hole-in-the-corner method; you might look at these advertisements afterwards. This was the type of advertising which appeared in the newspapers (indicating clippings): "Real property for sale by tender, Department of Secretary of State. . . ." and so forth. These advertisements appeared in twenty-three newspapers, several insertions in each paper, never less than one month given for the general public to submit their tenders. This is the first advertisement and it is dated in British Columbia on the 19th day of June, 1943, and says that tenders will be received by the undersigned up to noon, daylight saving time, the 19th day of July, 1943, on those properties designated in the catalogue as group A. The catalogue was something which the custodian prepared, and I have a copy here which you might also look at. This catalogue gives the civic address, the legal description, and a brief classification of the type of property, such as a dwelling, rooming house, vacant land, nursery and so forth, and against each property there is the name of a real estate agent residing in the district in which the property is situated.



The VICE-CHAIRMAN: Gentlemen, do you wish this catalogue printed as appendix to the minutes? It contains fifteen pages.

Mr. PINARD: What does the catalogue contain?

The VICE-CHAIRMAN: Largely a list of the names of properties to be sold.

The WITNESS: I have several copies here and we have some in Vancouver.

Mr. STEWART: It should be sufficient for our purpose to have copies of the catalogue and thus save money in printing.

Mr. GLADSTONE: Were the newspaper advertisements large advertisements? Would you give us an estimate of the size in inches for the record?

The VICE-CHAIRMAN: They are twelve by three.

The WITNESS: This is more than three, sir.

The VICE-CHAIRMAN: Twelve by three columns in the newspaper.

The WITNESS: So the general public was well aware by the advertisements and by the fact that catalogues were available, that information could be obtained in regard to rental values, fire insurance, and everything concerned with any particular piece of property in which they might be interested. Then, in addition to that Mr. Chairman, every property was independently appraised. That is a valuation was made by appraisers who in the first instance were suggested to the custodian by the real estate boards of Vancouver and by the real estate boards of Victoria. Those names were submitted to our advisory committee and there again, if you will permit me, I will defer specific reference to that committee until later, and those names were approved by that committee. I had one meeting with this group of appraisers in Vancouver and another meeting with those in Victoria. The whole policy of the custodian was outlined to them. It was indicated that they were to make a fair, unbiased appraisal and that their appraisals were to be considered as confidential. The appraisals were sent in to myself as director of the custodian's office and were not even known to the members of the office until after the first tenders were opened. These valuers had no axe to grind. As a matter of fact, as those properties were to be offered for sale and an ordinary real estate agent might be able to participate in the sale, if anything, it would have been to his advantage to obtain as high a price as possible in order that the commission might be more favourable. There were approximately 900 of these properties sold to individuals on the valuation basis which I have just explained.

And now I would like to mention here what we do know in Vancouver, and I believe it is so in Ottawa, that there has been quite a change in the value of real estate. The situation in Vancouver in 1943 and 1944 was, however, not very much above normal and as an indication of this, I think it is fair to say, that as a result of this extensive type of advertising, the time which the public was given to make an offer on these properties, the facilities for inspection and so on, we only received, and I say only, we only received bids on 60 per cent of the properties when they were first advertised. That is to say they were not so attractive as to create 100 per cent demand. Not all of those 60 per cent were acceptable tenders. As a matter of fact, and I am not quite sure of this figure, but it was about 45 per cent of the tenders that were accepted. The others were refused. Those people who had made tenders which were not acceptable were informed that their offer had been rejected. They were not at that time told what price would be acceptable. They were advised that if they wished to revise their offer such revised offer would be given consideration. The type of property of course, varied, but I have here, gentlemen, just a few photographs of properties in the Vancouver area and some others on the islands and if you are interested afterwards I would like you to look at these photographs and they will give you some indication of the type of property which the Japanese owned throughout the protected area. I would like to mention this so that the story will be complete. After these properties had been advertised,

that is after this particular group of properties had been advertised, another group of properties was also advertised and another catalogue was printed and subsequently a further catalogue was issued of the unsold properties, where for the first time, it was indicated what the minimum acceptable price would be. That minimum acceptable price was the valuation. That only occurred several months after all tenders had been considered. The 900 properties have all been sold and the approximate returns were \$1,750,000. There was another group of farm lands situated in the Fraser Valley. These were small fruit farms to which I previously referred and which were not offered to the general public but by government policy they were purchased and held for returned soldiers. The sale was made on the basis of a valuation which was made under an order in council whereby the Soldier Settlement Board of Canada valued all these properties. Negotiations took place between the director of the Veterans' Land Act and the custodian's department and there were exactly 741 properties included in the final deal. A certain number of properties included in the offer had to be withdrawn as some of them did not belong to the Japanese or the Japanese had previously sold them. The 741 properties were sold on the basis of the Soldier Settlement Board valuation, or at least within two per cent of that valuation, for the sum of \$836,000.

Mr. FLEMING: Are those the ones in the Fraser Valley?

The WITNESS: Yes, with the exception of about 20 they were in the Fraser Valley. There remained unsold about 50 other properties. 25 of these are registered in the names of associations, a number of church buildings and so forth, and they have not been offered for sale. In regard to the 25 other properties which have not yet been sold, ten of them are in a place called Port Essington, across from Prince Rupert. I have not been to that particular location, but I have been to Prince Rupert. I understand that Port Essington is kind of a ghost town and there have been no offers for these properties.

Mr. CRICKSHANK: That is not the Fraser Valley you are speaking of now?

The WITNESS: No, no, I should say not, sir.

Then I think I would like to say something about the liquidation of the chattels and personal effects of these Japanese. There again the method adopted was surely sound. Advertisements were placed in newspapers in the areas in which the goods were located, sometimes calling for tenders if the type of property warranted it, such as certain types of machinery, but generally speaking it was all sold by public auction by licensed auctioneers. In the advertisement a rough description is given of the properties to be sold at such and such a date, electric washing machines, sewing machines, bread slicers, bread wrappers, tables, chairs, dressers, etc. That is to say, there was a pretty good indication given as to what was to be sold at the public auction. At all of those auctions there were representatives from my office and quite a number of times I attended the auctions. It can be said that they were always crowded and competition was quite keen. I think perhaps you will agree with me here, Mr. Chairman, in regard to auctions when I say there is a certain type of property which does often fetch as much or more than it is worth. Those are items of medium value. Articles which are valued at around \$4 or \$5 if you went down to buy them at a store, somehow or other in the heat of the auction, even though the article has been in use for a number of years find people who are prepared to pay four or five or even six dollars for the article. There is however, a type of property which sometimes does not, because of the demand not being there, fetch its highest value. Because of the type of property which the custodian had to sell, I think without a doubt it could be said the goods which were sold at public auction fetched good, fair, market prices. It is a fact of course that not all of the goods and chattels received from the Japanese in the protected area have been sold by the custodian and that is on account of theft and vandalism which



undoubtedly has taken place. Now there has been criticism in regard to that. The statement has been made that it looks as if the custodian did a poor job. I am suggesting that if anyone had 7,000 units of chattels to protect which were distributed throughout the whole of the protected area that to give adequate protection, the custodian would have needed 7,000 watchmen. The fact was that in many cases before it was possible for any representative of the custodian even to see, let alone to take actual possession of the property, other people had been there before him. Reference has been made in the House to the property of the Japanese Consul. That was situated in one of the best residential districts of Vancouver. Because it was consular property it did not come into the hands of the custodian but it was under the protection of the protecting power. The first power was Spain and afterwards it was Switzerland. They took charge of that property and the officials boarded it up, and then they boarded it up again and they boarded it up again after that. After the cessation of hostilities the custodian was charged with the responsibility of taking over that property. Mr. Wright and myself went with the Spanish authorities to take over. As I have already said, this property was located in one of the best districts in Vancouver and it was situated almost in its own spacious grounds. Leaded glass windows and doors had been completely taken out. Every light fixture had been taken out and even the grates were taken away and that was the condition in which that particular house was left. Now that illustration has been used to show the public the way in which protection has been given. The force of that illustration is in just the opposite direction. If that was the problem in connection with a house right in Vancouver in one of the best districts, what was the problem of protecting as I have already said, the 7,000 units which were spread here, there, and everywhere? It is a fact that theft and vandalism did take place before the custodian was able to get physical possession and it is also a fact that theft and vandalism did take place even after he was in possession in spite of having night watchmen and night patrols and so on. These places were broken into. It was not only the actual quantity of goods that was removed but it was the fact that you would go into the storage room and you would find box after box had been dumped right onto the floor making it difficult to identify the ownership of many of those small articles, pots and pans and so forth, of which there were numbers galore. I do not want you to think all assets of that nature have been dissipated. As from chattels, and fish netting, something over \$650,000 has been realized by the sale of that type of asset.

Mr. FLEMING: \$650,000?

The WITNESS: \$650,000. I am giving you round figures on it but the figures are approximately correct.

I have just mentioned fish netting which causes me to introduce the matter of fishing vessels because I think it should be understood by this committee that as far as the custodian is concerned fishing vessels were excluded from the original order in council. Fishing vessels were impounded by the navy, and by order in council a Japanese Fishing Vessels Disposal Committee was set up and I believe about 950 of those vessels were disposed of by that committee for the sum of approximately \$1,400,000. I believe it is also a fact that the majority of those sales were made by negotiations between the Japanese and the purchaser through the committee before he was evacuated. I would not venture to give the exact percentage but the majority of those sales were negotiated by the Japanese and the Japanese himself signed the transfer of the registry of his vessel to the white purchaser. There were a certain number of vessels left over and the order in council speaks of, I think, about 220, but some more were sold by the Japanese Fishing Vessels Disposal Committee and 180 were finally taken over by the custodian. As you can imagine they were the poorest of the whole fleet. They were the unsold ones. They were advertised by the method

that I have already indicated and those 180 vessels have also been sold which means to say that all of the fishing fleet of the Japanese has been disposed of either through the fishing vessels committee or through the custodian.

Now, gentlemen, I think perhaps I should hurry on to the end.

May I just give a few general remarks concerning the course of the custodian's administration. Municipal taxes have been paid off, and arrears of taxes have been paid where it was advisable. Mortgages have been settled and unpaid vendors have been paid. That is in cases where property was being sold by white persons to Japanese, the white persons equity has been paid off out of the sale. We advertised in the early stages for the filing of claims from creditors. We received thousands upon thousands of them and the claims were submitted to the Japanese and where there was money available those creditors have been paid. Where it has been the wish of the Japanese, his life insurance policy has been kept in force, and the premium has been paid, if he had available funds. As you well know in our order in council, I think it is P.C. 1665, one section indicates that no charge shall be made by the custodian, "provided however that no commission shall be charged by the custodian in respect of such control or management". The money which has accrued through these sales has all been placed to the credit of the individual evacuees. The money, as far as the custodian has been concerned, was at all times available to them. In cooperation with the Department of Labour these Japanese who were living in what was termed their interior housing settlements, were sent money, so much per month, or whatever arrangement was made between the Japanese and the Department of Labour. As far as the custodian was concerned the money was to the credit of the individual Japanese and was available for payment at any time.

I would like now to deal with the advisory committees to which I have referred, and perhaps I should have dealt with it more fully before. Two advisory committees were set up. One was under chairmanship of Mr. Justice Sidney Smith, with Alderman Charles Jones and a Japanese representative. The other was under chairmanship of Judge Whiteside with Mayor Mott, Mr. D. A. MacKenzie and Mr. Harold Menzies, a citizen of the Fraser Valley area for many years. Every sale to which I have referred has been reviewed by these committees before final acceptance.

MR. FLEMING: That is in connection with real estate only?

THE WITNESS: Well, thank you for asking that. In connection with real estate the offer was submitted and the valuation made on the facts as they were known and the offer was approved or rejected upon the advice of these advisory committees. In regard to the chattels, they were not put up to these committees specifically but these committees did agree upon the principle of selling this type of goods by public auction, by specified auctioneers, whom it was thought it would be desirable to use and the committee ratified sales which were made on that basis. I think I am right in saying that these two committees have not just considered their duty in an offhand rubber-stamp type of way. In regard to the rural committee, their meetings have sometimes extended, as I know, to over three hours at a session and they have asked questions and have asked for evidence to be produced to substantiate statements which I might have been making and it was only upon their knowledge of the situation, their knowledge of the facts as presented to them, that they agreed finally to recommend or approve of the sale.

MR. STEWART: Was a Japanese on the committee all the time?

THE WITNESS: No, there were two Japanese, one was Kumora and the other name escapes me but they were on the committees in the early days and later had to resign. They were evacuated and they sent in their resignations which had to be accepted and no appointment was made in their place.



Mr. STEWART: When the principle business was being done the Japanese were not represented on the committee?

The WITNESS: That would be largely true. They were both there at the time that the policy of liquidation was being introduced but they really did not deal with any approving of the sales.

Just on that point we have received many complaints from the Japanese. There have been two types of complaints. The chief complaint was, it was not their wish that the property should be sold. That is to say they objected to the principle. Then there have been a certain number of complaints which have been more specific and they said "not only do we object to it being sold but we consider the price is not adequate". However, I would say, from my knowledge of the situation, many of those claims have been greatly exaggerated. In the light of the method which has been adopted as I have outlined here this morning, you can see for yourself the extent to which we went to protect the Japanese against the sale of their property at less than actual value.

Mr. Chairman, I would be very glad if I could answer any questions but I would just like to add another word or two. I know from experience that the task has been by no means an easy one. It was a type of problem that, as far as I know, was almost without precedent. In the early days we had a small staff which grew rapidly. The people employed had no special training for the job which had to be done. Those early days were certainly hectic and there was no such thing as not working regular hours. By the time six o'clock came and the desks were cleared it was necessary to come back in order to get somewhat of a fresh start for the following morning. That situation applied to Sundays as well. I think it is only right to say that with respect to the staff at Vancouver everyone has always acted in consonance with their position as custodian employees and on behalf of the Japanese.

The CHAIRMAN: Thank you Mr. Shears for this very full statement. Now, gentlemen, you are at liberty to ask any questions and I have the first signal from Mr. Stewart. I will try to keep you within bounds and not allow one particular member of the committee to monopolize the whole time, subject of course to your ruling. I will try to catch your signals as quickly as possible and I will call on the respective members. The first is Mr. Stewart.

*By Mr. Stewart:*

Q. The question I was going to ask now is based solely on Mr. Shears' statement. I think I speak for the committee when I say we appreciate what you have said and I think we can appreciate the difficulties which the custodian out there had in connection with the protection of this property. The first thing I would like to ask is whether as you said, registration of property on the part of the Japanese was entirely voluntary. What would you have done to them if they had not registered?—A. It was voluntary. The order in council read "That upon evacuation property left in the protected area became vested". The purpose of the registration form was only that the Japanese might help supply information. In the main they co-operated very well. On the other hand, there were certain numbers who moved out and they did not register and we simply discovered the property afterwards.

Q. They had no alternative but to register?—A. Well it was all to their advantage to register, but they were not forced to register.

Q. You said later on that inspectors were appointed to examine the property. How many inspectors did you have at the peak time, could you tell me offhand or give me their names?—A. The inspectors who, first of all, looked at these properties in Vancouver were, sometimes, chartered accountants. This was for the purpose of investigation. This is going back some while, but I think probably there would be nine or ten employed in that area. Then, in the other

areas where a person was appointed, for example, in a place such as Cumberland someone—as a matter of fact, in that case I was over myself and had an interview with a bank manager. I found out that such and such a person would appear to be the right type of person to act in a temporary way on behalf of the custodian. This particular person was approached. He was given a list of the properties of which we knew. He went around and made his report saying that this was a property which was vacant. He suggested it might easily be rented and so forth. Real estate agents were then appointed. You will get the names of a considerable number of them from these catalogues.

Q. In connection with the farms in the Fraser Valley, you said there were some 741 sold. Were the valuations made by the D.V.A.?—A. The valuations were made by the Soldiers' Settlement of Canada.

Q. How did those valuations compare with the assessed value?—A. On the 741 properties, the assessment was \$1,250,940 and the appraisal was \$847,878. The offer accepted, which I said was within 2 per cent, was \$836,256.

Q. Many of these matters I intend to pursue later. I just wanted to get certain facts for the moment. With regard to the chattels the vandalism which took place, can you tell the committee if any suspects were apprehended by the police and whether there were any prosecutions?—A. There were no prosecutions. In some cases there was some suspicion. The police suggested it was usually a group of youths who did it. No one was prosecuted any way.

Q. Who is going to bear the loss caused by this vandalism? Is it the Japanese themselves?—A. I can only refer to the statement which was made by the Honourable Colin Gibson in the House a few days ago. I do understand that the matter is under active consideration by the government, that is, in regard to the payment of any claims in regard to such matters as you have mentioned.

Q. When the chattels were sold by auction, what expenses were charged against the gross amount received?—A. The usual auctioneer's fee in Vancouver, for an individual, is that he will sell your goods for a 15 per cent commission. We made arrangements with the auctioneer, in view of the exceptional circumstances, that he would charge 10 per cent and we would do the advertising. As a matter of fact, our advertising only came to about 3 per cent so, as far as we have gone, it was about 13 per cent instead of 15 per cent. However, because of the very nature of the case, it did cost us almost, I think, 9 per cent of the value to collect up these goods. We could not just hand them over to the auctioneer. We, ourselves, had to do the unpacking and sorting out and that charge has been assessed against the Japanese.

Q. That was an expense, but it was an office expense, and that means 22 per cent would be charged against the gross?—A. Yes, I think about 21 per cent; that would be the average. In some cases it would not be as much as that.

Q. Then, you would credit that amount to the various Japanese's accounts?—A. Yes.

Q. Was any allowance made for interest on credit balances whenever there were credit balances?—A. No, no interest has been allowed.

*By Mr. Gladstone:*

Q. Could we have a word picture of some of the localities, the coast homes, the area in Vancouver, the Steveston location, and a picture of the Fraser Valley, just briefly?—A. I am just wondering, in that regard, whether this might not be the answer. This, as you can see contains pictures, mostly of the area of which you are speaking. Then, I have here what we called "Little Tokio", the Powell Street area, and another one for one of these sections of Vancouver. I brought this as a sample from Vancouver. We have nine or ten of them. These deal with Vancouver and the municipal area.



Q. I had in mind something which might go in the record?—A. Well, I think it is certainly true to say this, when speaking of the Powell Street and Cordova Street area in Vancouver, that the Japanese property consisted of a group of sub-standard properties. Many of them were in terrible shape. As a matter of fact, when we came to make rental arrangements for that type of property, we could not get a tenant to go in unless we made an arrangement whereby he would, himself, make certain improvements which were absolutely necessary. To that extent, we rebated an amount of the rental.

The city authorities, after the evacuation of the Japanese, came to us. We attended a meeting of their board on one occasion. It was their hope this would be an opportunity to improve the standard of the properties in that area. Taking the custodian's point of view we said, "Well now, you have allowed these properties to exist in this condition until now. Should you be quite so strict just at the moment the custodian steps in?"

From that time on, the city authorities were co-operative and, providing a new tenant approached them and made arrangements that he would do certain things to the lighting fixtures or sanitary facilities, the city authorities allowed the new tenant to take possession of that property. This Japanese property was definitely sub-standard and this was true of the Japanese property in the main. Of course, there are some very nice properties but, in the main, the majority of the properties were not of any particularly fancy type. As in everything else, there would be some good properties. I do not know whether that answers you or not.

Q. What about the upper coast properties?—A. Would it be in order for Mr. Wright to say something about that? He visited some of those properties. Some of those properties were situated on the foreshore. In quite a few cases I have seen them housed on posts, with the water running right underneath them. Many of them were just shacks.

Then, there are some areas in the Fraser Valley facing the Fraser River, where the land is described as a peat bog district. In order to get from the front of the property up to the house, a walk has to be made. Between the property and the river, there would be a road, but between the road and the property a ditch had to be put in.

Mr. CRUICKSHANK: Just a moment, to keep the record straight in connection with this matter, my friend is entirely wrong in his description of the property. I defy him to name me any area in the Fraser Valley where that is true. I know the area to which you are referring down at Lulu Island, but that is not the Fraser Valley.

The WITNESS: I apologize, that is correct. I had the Lulu Island district in mind when I was making that statement.

*By Mr. Cruickshank:*

Q. I should like to ask one question. Is it not true, I am speaking of the farms in the Fraser Valley, that a large percentage of them were what is known in farm language as, burnt out farms?—A. The information which came to us was this, that the type of farming which the Japanese did, I am just passing on the information which was given to me, that they were not farmers in the real sense of the word but they were miners. I mean to say that they produced good crops, but they did so definitely at the expense of the land itself. Now, I am not a farmer and cannot say whether that is true, but that is the information I have been given.

Q. In other words, the land was burnt out?—A. Yes, that expression has been used, not of all, but of certain of the valley properties. The land was burnt out.

*By Mr. Boucher:*

Q. Is my understanding correct that you said the properties had sold at approximately 60 per cent or approximately 80 per cent of the assessed value? I think you said about \$800,000 was received for the property.—A. The appraised value was—

Q. The sale value was less than the appraisal value?—A. The sale value was 2 per cent less than the appraised value.

Q. The appraised value was how much less than the assessed value?—A. I will have to do a little bit of arithmetic. The chairman says it is  $1\frac{3}{4}$  per cent. It is about two-thirds, about 66 per cent of the assessed valuation, is that what you mean? The sale price to the V.L.A. was two-thirds of the assessed value, but it was within 2 per cent of the appraised value.

*By Mr. Winkler:*

Q. In regard to the sale of the fishing vessels, were those sold freely and if so were any sold by auction?—A. They were sold freely by the Japanese Fishing Vessels Disposal Committee. When the balance came into the hands of the custodian, the custodian took over this certain number of boats, 170 I think it was, and also what was termed the unfinished business of the Japanese Fishing Vessels Disposal Committee. The unfinished business consisted of collecting money from purchasers who had not yet paid the full sale price. These boats were all valued, advertised and sold on that basis. So far as the boats which the custodian handled, I can assure you that the 170 were not the worth-while boats by any manner of means. They were different types of boats. There were what are called seiners, packers, gill netters and cod fishers, all having a relatively different purpose and a different scale of prices. In the main the custodian has not been responsible for the sale of fishing vessels except the odd ones left over which we cleaned up.

*By Mr. Cruickshank:*

Q. I should like to ask one question. Do you say anything in your records of the amount of chattels such as washing machines and that type of thing which were not turned in or not taken over by any branch of the government, but which were left with private friends of the Japanese? What I am trying to get at is this, that it is not fair—I am not defending the custodian's branch at all—but it is hardly fair to say that there were a lot of cases in which the Japanese were not paid for their chattels by some branch of the government when they were left with private white friends of the Japanese. I presume your department has knowledge of that. For instance, there were frigidares, beautiful stoves and even a piano left with private individuals in my own district. So far as I know, they are still in those private homes.

MR. PROBE: Those all came from these sub-standard houses?

MR. CRUICKSHANK: No, from farms, but it is not fair to say the custodian's branch has not paid a proper amount for the chattels. In other words, the Japanese have no right now to say they were not paid for a frigidaire by the custodian if it was not handed over but was left with private individuals. That is correct, is it not?

THE WITNESS: That is correct. We think the amount of that type of chattel now is relatively small, but we cannot be certain. As has been stated, the Japanese, in certain cases, did not divulge to the custodian on this registration form all the information concerning these chattels. We were not aware of it. In one way and another, we did find out about it. In some cases, it may have been left with white friends just as you have stated. There were certain items of furniture and, from time to time, these have been disclosed. Sometimes

they have been taken over by the custodian and sold, but there are still some of them, I would say a limited amount, which are in the hands of other people and have not been handed over to the custodian.

*By Mr. Warren:*

Q. I should like to ask this question, before we get too far away from these burnt out lands, would you be able to give us an approximate idea at what price per acre this land was sold?—A. At the moment, I think I would prefer not to attempt to answer that, that is, on an acreage basis. I have not, immediately in front of me, any figures on that.

*By Mr. Green:*

Q. Was the price for this land set by the custodian or the Veterans' Land Act people?—A. Negotiations were carried on precisely in this way. Under the order in council, the Soldiers' Settlement people were appointed to make a valuation of the Japanese rural properties, the farm properties. They made that valuation, during which time the custodian was withdrawn from the picture. After the valuation had been made, the custodian again became the vested owner of these particular properties. The next step was that the custodian received an offer from the director of the Veterans' Land Act to buy 840, that is not quite the number, but that does not matter, of these properties for the sum of \$750,000.

At that time, negotiations took place. A gentleman who came from Ottawa to Vancouver sat in with me in the advisory council on it. There was a representative of the director of the Veterans' Land Act and a representative of the custodian's office. Their offer, as I say, was \$750,000 against a valuation of \$867,000. I do not want to get you confused. The offer was for more properties than we eventually sold. The figures which I have given you and which are accurate are for what was actually sold. The offer was \$750,000 for properties which, according to the Soldiers' Settlement valuation were worth \$867,000. This offer of \$750,000 was rejected. Negotiations were carried on and eventually the director of Veterans' Land Act offered \$850,000 for those properties which were valued at \$867,000. On that basis, the deal was consummated. Then, the exact number of properties were adjusted.

As I say, certain properties had to be withdrawn. The encumbrances were more than the offer in some cases and in some cases the properties belonged to deceased persons and had to be administered by an official administrator. Those properties were withdrawn from the sale which was made to the director of the Veterans' Land Act.

Q. Was the position that you were only allowed to sell these farms to the Veterans' Land Act people? The Veterans' Land Act people made the valuation and then offered \$100,000 less than the valuation and finally came up slightly below their own valuation; is that the picture? Were you or were you not free agents? Were you able to sell to anyone outside or did you have to sell to the Veterans' Land Act department, really on their own terms?—A. Well, of course, I do not know. It is not for me to say. It was the Soldiers' Settlement people who made the valuation and the director of the Veterans' Land Act who made the offer. I am just mentioning that. Then it was a question of negotiation. It was, definitely, a suggestion of the government department that it would be desirable for these properties to be held for returned men. The negotiations were carried out, as I have said, on the basis of a valuation which was considered by the advisory committee as being a fair offer; that is to say, the obtaining of within 2 per cent of the valuation for a group of farms on the basis of a cash payment within a limited time. It was considered that would be quite a good deal.



*By Mr. Jaenicke:*

Q. I have a question or two which I should like to ask. I do not know whether or not I understand this situation correctly. You have mentioned the assessment of those properties as being \$1,250,000, approximately, is that right?—A. Yes.

Q. Those are the properties which were finally sold for \$850,000?—A. They were sold for \$836,000.

Q. They are only rural properties?—A. They were all small farms.

Q. What about the urban properties?—A. They were those 900 properties about which I have spoken in the first instance which were advertised and placed in catalogues or specially advertised from time to time. You must have in your mind two groups of real estate sales, the 900 properties which were sold to individuals by this method which I have indicated and the 700 odd which were sold to the Veterans' Land people.

Q. How does the sale price of those properties compare to the assessed value?—A. You mean the urban properties?

Q. Yes.—A. The figures in the greater Vancouver area—I have a record here of 466 sales. The assessed value was \$1,183,313; the appraisal was \$915,600 and they were sold for \$1,004,785.

Q. Are the assessments on improvements in Vancouver to the full value or only 60 per cent?—A. The question of relating sale price to assessment, while I presume it has some bearing, is a difficult thing because, I think I am right in saying in different areas there are different assessors, of course, and different methods of assessment.

Q. How are the improvements assessed in Vancouver, at the full value?—A. On the improvements, it is 50 per cent. We have been told by the officials in Vancouver that over a period of quite a few years, I believe almost ten years, no drastic change has been made in assessment values. At times, the court of revision was convened because of complaints put in, but by and large, they had been side tracked. There has been practically no change in assessment values for a long time.

Q. What about the rural areas, are they assessed each year and is there any change made each year?—A. I am sorry, I am not in a position to answer that question.

Q. Did you make any enquiries when you received the valuation from the Soldiers' Settlement people and found them to be so much lower than the assessed value? Did you make any enquiry as to how that came about?—A. The deal was consummated more on the basis of the valuation, not on the assessed value.

Q. You made no enquiries as to why there should be a difference between the assessment and appraised values by the Soldiers' Settlement people?—A. I do not recall that that point was brought up. I should like you to understand I am not shelling any responsibility but I was sitting in at that time with an official from Ottawa.

Q. I do not know how it is in British Columbia, but in our province the assessed values are usually lower than the actual valuation.

The VICE-CHAIRMAN: Are you speaking of the rural property?

Mr. JAENICKE: I am speaking of the rural property.

The VICE-CHAIRMAN: I wish all the members would keep in mind the fact that there are three separate headings under which these sales go, namely, those in the greater Vancouver area, those in the urban area at large and the rural properties which were handled, as I understand it, 741 sales through the Veterans' Affairs Department and the Soldiers' Settlement Act.

*By Mr. Boucher:*

Q. Can you give me any information as to the relationship of assessed value in the rural area to the relationship of sales in the year 1943, generally in the



municipalities? In other words, most municipalities can give you a calculation as to what portion of the current sale value the assessed value is. Do you have any information on that, or was any investigation made in that regard?—A. I think we have to have this in mind; we are thinking back to the year 1942 or 1943 and I think it would be right to say that, in the rural areas, the prices at which properties were changing hands were considerably less than the assessed value. I mention that with a certain amount of diffidence, but I am not making a wild statement. I have been given to understand that, in that area, apart altogether from the custodian's property, when properties were sold, the value obtained did not measure up to the assessed valuation.

*By Mr. Cruickshank:*

Q. Is it not true that in every rural municipality in British Columbia, the assessed value has practically no relationship to the sale price?—A. That is perfectly true. As an indication of that, just take a jump for one minute to the city areas. The city was selling vacant lands, I am not speaking of improved lands but there were some of them improved, but the city was selling these lands at 60 to 70 per cent of the assessed value.

*By Mr. Probe:*

Q. But they were conditional sales, conditional upon building, were they not?—A. That may be so, but in any event the purchaser had something which was not improved and it was sold at a proportion of its assessed value. In the rural areas, I think I am right in saying that the municipalities were prepared to sell land at from 50 to 60 per cent of the assessed valuation. If you are going to get into the question of the relationship of sale price to assessment, you would have to consider individually every municipality because it is not the same all the way through.

*By Mr. Boucher:*

Q. Is it not a fact that in almost every registry office they can give you that data as to the relationship of the sale value of land sold each year to the assessed value of the same land?

*By Mr. Pinard:*

Q. I should like to get some information in so far as the disposal of business concerns owned by the Japanese is concerned. They must have had business concerns. What happened to them? Were they sold, and if so, what was the policy followed in that respect?—A. In regard to businesses, as I indicated at the start, I believe quite a few hundred were sold by the Japanese themselves. If they were not sold, the custodian was in this position; he had a dry cleaning establishment, we will say, situated in rented premises. While the Japanese was there, he was carrying on and he had a business. The Japanese was evacuated and the custodian comes into the picture, having dry cleaning equipment in a rented building. We really sold the dry cleaning equipment, that is to say, we were not in a position, generally speaking to sell the goodwill or the concern as a business. That type of article was advertised and sold. Tenders were called for on the actual equipment and, of course, the purchaser of that equipment had to move it unless he made some arrangement with the owner of the building.

Q. What happened to the accounts when there were credits to be collected from the customers?—A. This form provides for a declaration of monies owing to the Japanese. Any debts owing to the Japanese were collected, in so far as possible. Extensive correspondence was carried on and numerous collections on

behalf of the Japanese were made. I mean to say the custodian has collected, on behalf of the Japanese, any debts which were made known to him, where it has been possible to collect.

Q. Were the services of lawyers required in that respect in some cases? —A. I do not recollect any. There have been cases where the debtor refused to acknowledge the debt, in which case we got in touch with the Japanese and told him that this man disputed the debt.

Mr. STEWART: In connection with the Fraser Valley farms which were sold, they were sold on a basis of about \$1,100 each, approximately. We have been told they were burnt out and were mined. If that is the case, the income resulting from the operation of those farms would have been low. How was it that the tenants or owners of those farms were able to acquire so much money that they could purchase frigidaires, pianos and washing machines in such vast quantities they could distribute them among their friends?

Mr. CRUICKSHANK: I would be glad to answer that, if I were permitted.

*By Mr. Stuart:*

Q. The thing I have in mind is that I remember, after the last war, property was worth much more than it was 15 years previous. I wonder if we could be told what the price of that property in question would be today compared with the price about ten years ago; has the value increased? In my province, property which would be worth \$5,000 today would have been worth about \$2,500 a few years ago.—A. I am very sorry, but I did not catch the import of that statement. Would you mind repeating it?

Q. In short, all I want to ask is this, is the property today, in those areas of which you spoke, worth far more money than it was prior to the war? The value today might be much greater—A. The value today is undoubtedly greater than it was in 1943. I do not think there is any doubt of that. Speaking generally, Vancouver real estate or property in that area has a considerably enhanced value.

The VICE-CHAIRMAN: Gentlemen, it is now after one o'clock. Mr. Shears, as you know, is from Vancouver. I do not know whether he is anxious, but I think the government is anxious that he return to his duties as soon as possible. He is here at your request and he will stay just as long as you need him, but I am naturally anxious to expedite the business, so we might sit to-morrow instead of waiting until next week. We will meet to-morrow at 11.30 in the hope of winding up his evidence.

The committee adjourned at 1.00 p.m. to meet again on Friday, May 9, 1947, at 11.30 a.m.

APPENDIX "A"

FORM "JP"

FILE No.....

OFFICE OF THE CUSTODIAN

JAPANESE SECTION

To be completed by persons of the Japanese race having property in any protected area. The proper administration of this property requires such persons to give full particulars as requested in this form.

Personal Information

Name .....  
Home Address .....  
Registration Number .....Sex.....Age.....  
Occupation .....  
(If any business or businesses carried on, state where, under what name and whether carried on by yourself or in partnership with anyone; if partnership, give partner's name.)  
Employer .....  
Married? .....  
Name of Wife or Husband .....  
Address of Wife or Husband .....  
Names of Any Living Children .....  
.....  
.....  
Address of Children .....  
Age of Children .....

Statement of All Real Property (Each parcel must be mentioned and particulars given)

1. Location and Description .....  
.....  
.....  
.....  
2. Buildings and Other Improvements .....  
.....  
.....  
.....  
3. Insurance (Give particulars; state where policies are) .....  
.....  
4. Taxes (Amount and where payable) .....  
5. Encumbrances (Including any unregistered claims or deposit of title deed) .....  
.....  
.....

5. Sub-Tenants, If Any (Give name, address, rent and to what date paid) . . .
6. Occupancy and Leases (If vacant so state) . . . . .
7. State Whereabouts of Title Documents . . . . .
8. State if any Other Person Has any Interest . . . . .
9. If Farm Land State Crops Sown . . . . .

*Statement of Real Property Occupied*

1. Location and Description . . . . .
2. Landlord's Name and Address . . . . .
3. Particulars of Lease and Rent and Date to Which Paid . . . . .
4. State Whereabouts of Lease . . . . .
6. If Farm Land, Particulars of Crops Sown . . . . .

*Statement of Personal Property Owned:*

1. Give Brief Description and State Location of Furniture, Fixtures, Equipment and Machinery, Stock in Trade and Personal Effects: . . . . .
2. Horses, Livestock and Other Animals, Poultry and Pets . . . . .
3. Give the Name and Address of Any Person Having Any Interest in, or Claim on Any Such Property . . . . .

Form "JP"

File No. . . . .

4. Insurance Carried on Above Property . . . . .
5. Mortgages, Liens and Other Claims on Property in Possession of Others . . . . .
6. Moneys Owing to You (State if any of these debts assigned and if so, to whom) . . . . .



7. Bonds, Debentures, Shares, Stocks or Other Securities (State whereabouts) .....
8. Bank Accounts.....
9. Life Insurance.....
10. Interest in Any Estates or Trusts.....
11. Safety Deposit Box.....

*Liabilities:*

1. Personal Debts.....
2. Trade Debts.....

I, the undersigned, hereby voluntarily turn over to the Custodian all my property in the protected area as set out above, excepting fishing vessels, deposits of money, shares of stock, debentures, bonds or other securities, if any.

I certify that the above information is true and complete and fully discloses all my property of every description in any protected area in British Columbia and sets forth all my liabilities direct and indirect.

Dated this.....day of.....1943.

(Signature) .....

.....  
Witness

For Departmental Use.....

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(SESSION 1947)

(HOUSE OF COMMONS)

Government  
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(STANDING COMMITTEE)

(ON)

# (PUBLIC ACCOUNTS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 5

FRIDAY, MAY 9, 1947

WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;  
Mr. F. G. Shears, Director Vancouver Office, and Mr. K. W. Wright,  
Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph., JUN 2 1947  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## MINUTES OF PROCEEDINGS

HOUSE OF COMMONS, Room 497,

FRIDAY, May 9, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock, a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

*Members present:* Messrs. Burton, Case, Cleaver, Coté (*Verdun*), Cloutier, Cruickshank, Fleming, Fraser, Gladstone, Golding, Green, Isnor, Jaenicke, Marshall, Probe, Raymond (*Wright*), Rinfret, Smith (*Calgary West*), Stuart (*Charlotte*), Thatcher, Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property; Mr. F. G. Shears, Director Vancouver Office; Mr. K. W. Wright, Counsel.

The Committee resumed examination of Mr. Shears respecting the administration of the Vancouver Office of the Custodian.

Mr. Jaenicke tabled certain documents relating to inventory of chattels left on property of, and owned by, one named Naochi Karatsu. The witness, Mr. Shears, was questioned thereon and, after some discussion, he agreed to supply the Committee, at the earliest possible moment, with a full report on the said matter.

The witness also agreed to supply the Committee with certain information relating to the sale of certain evacuees' lands requested by Mr. Cruickshank and Mr. Fleming.

At 1.05 o'clock p.m., the Committee adjourned to meet again at 11 o'clock a.m., Monday, May 12, 1947.

ANTOINE CHASSÉ,  
*Acting Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 9, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Gentlemen, shall we come to order. We have the necessary number to form a quorum and unless there is other business to be brought before the meeting we will continue to hear Mr. Shears.

**Frank G. Shears, Director of the Office of the Custodian, Vancouver,**  
recalled:

The WITNESS: Mr. Chairman, I think I would like to make one brief statement in clarification of something which was mentioned yesterday. In regard to the sale of the properties in the Fraser Valley area a question was asked as to what was the average price. I think the figure given was about \$1,130. I do not think that is quite a fair picture of that deal because I have an individual list here and there was a property that sold for \$10,768, another for \$7,200, another for \$5,500, and three others at \$4,500, \$3,000 and \$2,000. There were also a number of properties that brought very small amounts such as \$125, \$200, \$400, so that in saying the average was \$1,130, it really does not give a picture. I just wish to indicate that in that group of properties there were varying types and the prices varied considerably. I would like to mention that for the purpose of the record.

The VICE-CHAIRMAN: All right, Mr. Cote?

*By Mr. Cote:*

Q. Yesterday, Mr. Shears referred to some advisory committees that had been set up for the purpose of assisting the custodian's office in Vancouver in carrying out the duties and policies of the custodian. How many committees did you say, Mr. Shears, were set up for this purpose?—A. There were two advisory committees. One committee concerned itself with what we call the greater Vancouver properties and the other concerned itself with the properties outside that area. The greater Vancouver area committee was presided over by Mr. Justice Sidney Smith, and the other one was presided over by Judge Whiteside.

Q. Were they both in the city of Vancouver?—A. No, the greater Vancouver advisory committee sat in Vancouver, usually in Mr. Justice Sidney Smith's office. The other committee, except for a few initial meetings in Vancouver, always sat at New Westminster and usually sat in the Judge's office. Mayor Mott of New Westminster was also one of the advisory committee members.

Q. How many members were in each of these committees?—A. I will just give you the exact set-up. Two independent committees were established. One was known as the advisory committee for the greater Vancouver properties and the following members were appointed to the committee on March 8, 1943: Honourable Mr. Justice Sidney Smith, the chairman, of the Appellate Court of British Columbia; Alderman Charles Jones, and Mr. Kishizo Kimura. Mr. Kimura resigned on July 20, 1943. The other committee was known as the

advisory committee on rural properties. The following members were appointed on March 15, 1943: His Honour Judge David Whiteside of New Westminster was the chairman. The others were Messrs D. E. MacKenzie and J. J. McLellan and Mr. Hal Menzies.

Mr. MacKenzie is now deceased and Judge Whiteside quite recently died. Mayor W. Mott of New Westminster was appointed to take the place of Mr. McLellan who attended only one or two meetings and then resigned. Mr. Hal Menzies was a real estate gentleman who had lived in that vicinity for many years. The Japanese, Mr. Yasutaro Yamaga, who was the representative on this committee resigned on May 26, 1943.

Q. By whom were the members of these two committees appointed?—A. I beg pardon?

Q. By whom were the members of those two committees appointed?—A. The committees were appointed directly by the Secretary of State Department.

Q. You have mentioned, Mr. Shears, that the two Japanese representatives had resigned of their own accord at the beginning of the activities of the two committees. Would you have the date of their resignations in each case?—A. Mr. Kimura resigned on July 20, 1943 and Mr. Yamaga resigned on May 26, 1943.

MR. BURTON: Did they give any reason for resigning or what were the reasons?

THE WITNESS: I recollect that a letter from one of them said that he felt his services or the services which he could render had been completed and there would be no particular reason for his remaining on the board. That letter was from Mr. Yamaga and I think Mr. Kimura just merely sent in his resignation stating that he preferred not to be on the committee and of course both of those Japanese persons had been evacuated and were living quite a distance from Vancouver and New Westminster.

MR. COTE: Had they been engaged individually in the business of the committee?

THE WITNESS: For the first few meetings they did and they agreed in principle that the policy the custodian was following on management and also on liquidation was satisfactory. They were not in attendance at any meeting when specific offers were being dealt with.

MR. JAENICKE: Could they have been there?

THE WITNESS: They had resigned.

MR. JAENICKE: Was there some correspondence leading up to their resignations?

THE WITNESS: I only recollect the letters in which they resigned.

*By Mr. Cote:*

Q. Would you have in writing any expression of satisfaction on their part with the policy followed by the custodian?—A. As I have already mentioned, I feel sure that the letter that came in from Mr. Yamaga indicated satisfaction with the principle. I could not go further than that without producing the letter.

Q. Was there any attempt made, Mr. Shears, to have these two Japanese representatives replaced on the two boards?—A. No, when their resignations were received both those committees considered the matter and made no recommendation that they should be replaced and the remaining members of the board carried on.

Q. Have you, or has anyone else, received any request from the evacuees or the Japanese to have these two members replaced following their resignations?—A. Definitely no.

Q. Now did you start liquidating the assets of the evacuees before the evacuation was completed?—A. No, not at all. The only properties that were sold previous to the evacuation were the properties which were sold by the Japanese themselves. The policy of liquidation, as a matter of fact, did not come into effect until the 19th of July, 1943. That was the date when the tenders first closed for the properties which were advertised. That is of course apart from the sale which was made to the director of the Veterans' Land Act.

Q. I heard you say yesterday, Mr. Shears, that one of the complaints that you received from the evacuees was that they were absent when their property was sold. Did you receive a great number of protests of that kind?—A. Yes, we did. As I intimated yesterday there were two types of complaints. A considerable number of the complaints simply said, "We do not wish to have our property sold," or "We do not wish that it shall be liquidated." Then there were a number of Japanese who wrote to the office and said, "Not only do we not wish our property to be sold, but having been sold we do not think that the amounts realized have been adequate." In some cases they mention in their letters that they thought the price should have been such and such. Just broadly speaking, there were those two types of letters and they have all been acknowledged by the department stating that their letters remain on the record and we indicated that we were carrying out a policy which had been outlined by the government.

Q. Were they individually notified when tenders were called, for instance, for the sale of real properties and when their chattels were to be sold or when any of their other assets were to be sold?—A. No, not at all.

Q. Could they have had any way of following the procedure of the custodian in the disposition of their own personal assets?—A. No, I would not say they could. They were not living in the area and of course they were all aware of the policy of evacuation. The Japanese had the option of having anything that they wished shipped to them. That was not real property of course but it applied as far as household chattels and so on were concerned. Those things were available on request. They were also aware that the policy of liquidation of chattels was coming into effect. The policy was widely known in the camps in which they were living, and they knew their goods were to be sold under the government's policy.

Q. What did you mean Mr. Shears when you stated they could have some of their assets shipped to them?—A. If, by any chance, they wanted all their furniture or everything they owned they could have had it shipped but we did not have any requests for shipment. I think one of the reasons for that would be that a lot of it would never have justified the cost of shipment. Up until those household effects were sold by auction the custodian was willing and ready at any time to ship the goods to the Japanese. I know that in some cases we have shipped certain quantities.

Mr. CRUICKSHANK: At whose expense?

The WITNESS: At the expense of the Japanese.

*By Mr. Cote:*

Q. Where were the goods shipped?—A. To the place where they were residing. In regard to the Japanese that were living in what they called the interior housing settlements, they were provided with all that was considered necessary to provide a home and subsistence. If they wanted anything further we shipped it in co-operation with the Department of Labour. If they requested shipment they were advised that they would have to take care of the charges but that the goods were available for shipment at any time.

Q. Did you have a substantial number of requests for shipment?—A. No, just a limited number.



Q. Now after any assets had been disposed of were the Japanese individually notified as to the proceeds of those sales?—A. They have all been notified. I would not care to say that they were notified immediately. The accounting of all those items was considerable but they were all definitely notified, and in fact long since, every Japanese has had a statement of his account. If he has not had a statement it is an omission. The statements were made in many cases continually, starting from his first balance and continuing on up to his present balance. I would say that if any Japanese requested information he was given immediate consideration but if he did not request it he would only get it in the normal course and there would be some little delay. However, there was no purposeful delay in not revealing to him what his credit was if his goods had been sold.

The VICE-CHAIRMAN: Mr. Cote, I do not know how much more you have to take up but I am keeping in mind the ruling which I made yesterday.

Mr. COTE: I am very sorry, but I am about through.

The VICE-CHAIRMAN: I do not want to interrupt but I am just trying to live up to what I said.

*By Mr. Cote:*

Q. I will be very brief. I was going to ask, Mr. Shears, about what he said in regard to the complete record of the Japanese. I am wondering how you would learn of the new places in which they were living?—A. I did not get the import of that.

Q. I say that on the 19th of July when you first closed off the tenders, you could not at the time have communicated with each and all of the evacuees because you were not at that time aware of their addresses.—A. We did not communicate with any of them.

Q. But later on you did?—A. We were aware of the addresses of these Japanese at all times by inquiries which we were able to make through the Department of Labour and our files were kept definitely up to date with respect to the location of these Japanese. Our department had no concern with that matter but we had all the information that we wanted at any time with respect to where any Japanese was living.

Q. I understand you opened individual accounts for each of these evacuees from the moment that you had something on deposit?—A. Yes, we opened individual accounts for every Japanese who had any money to his credit.

The VICE-CHAIRMAN: You are next Mr. Jaenicke.

*By Mr. Jaenicke:*

Q. I was just going to follow up some of the matters brought out by Mr. Cote. I have here an example of some of the goods and chattels handled. I am predicating my remarks by saying we heard Mr. Shears yesterday on the difficulty that his office had in keeping track of the goods and chattels and that there was a lot of theft and vandalism and things of that nature. However, I think the committee should have some information on this particular case and I should like, after I am through, to have Mr. Shears comment on it. I have here a copy of an inventory of a Japanese by the name of Maochi Karatsu, registration number 12051, and file number 8666. This inventory is an inventory of all his goods and chattels which was compiled by this Japanese in the presence of a Mr. W. E. Anderson of your office. I believe he is in the farm department of your office.—A. What date is that, may I ask?

Q. October 28, 1942. My information is this Japanese was still at that time at his home and that is where this inventory was made. All the goods and chattels were valued in the presence of and apparently with the consent of Mr. Anderson and I think the valuation is reasonable. Chairs are valued at \$1 apiece,

some at 50 cents apiece, and they are very small valuations. A box contained a quantity of fishing tackle valued at \$160 including one good condition high-tension magnet, the cost of which was \$80. There was a one-quart water kent coil which cost \$15; one dozen bearings \$15; ten sprockets, \$12; twelve paint brushes, \$30. Another large item is a tool-box containing fishing gear for commercial purposes. Two hundred fathoms of stainless trolling wire, (cost \$30); one hundred new fish-hooks for pilehard bait, (cost \$7.50); two hundred spoon hooks, (cost \$70). The total valuation of the articles contained in that box was \$107.50. The other valuations on the inventory are just small, ranging anywhere from 15 cents to about \$5.00. The total valuation on this inventory is \$723.45. Apparently on March 15 this Japanese, Mr. Karatsu, wrote to the office requesting that certain articles be sent to him. I may say certain articles were sent to him according to the inventory, including three steel bedsprings which were sent, but which, by the way, were valued at \$2. Also a chesterfield chair which had no valuation on this inventory was sent. Apparently he requested some further articles to be sent to him and on March 15, 1947 he received a letter from the office of Mr. Shears, signed by Mr. W. E. Anderson reading in part as follows:

In reply to your letter of March 15 in which you ask that certain chattels be sent to you, we have to advise that we are unable to ship these articles as some have been sold at auction and others are missing. The books were badly mildewed and damaged and were discarded as being of no value. We are enclosing an itemized statement of the articles sold at auction and the balance not shown on this sheet were either stolen, or damaged and declared of no value.

Referring to your enquiry as to expenses against your boats; these expenses are proportionate charges covering supervision, insurance and survey expenses actually paid out. No office expenses or commission on the sales have been charged.

Your account has now been credited with the sum of \$43.50 representing \$21.75 on each boat covering a transportation claim from Steveston to Tofino. These amounts have been credited as it is understood that you delivered one boat and paid the expenses on the other one on the trip down and return to Tofino. We would appreciate your confirmation that this is correct.

A statement of your account is enclosed and these funds are available to you on request.

Yours truly,

I may say I mention nothing about the boats but I simply refer to the goods and chattels of which I gave you a description and an explanation of the inventory. Now here is the statement of the goods and chattels which were sold by auction at Mission, B.C., on March 7, 1945. The total is given as \$10.40. On an inventory that was originally \$723. There was an expense of \$4.04 against it leaving a balance of \$6.36 for this inventory. Now as I say, Mr. Shears has explained there has been a lot of theft and vandalism going on but I should like to put these documents on the record if the committee wishes so that in the end we may make some recommendation to the House or to the government that cases like this may be looked into and that justice be done to some of these Japanese whose property has been disposed of in such a way. I should like to hear Mr. Shear's comments.

MR. GLADSTONE: Was your statement in error in one respect, as you gave it, Mr. Jaenicke? That is did the realization of \$10 against the original value of \$700 include boats.

Mr. JAENICKE: No, it does not include boats. If the committee likes I would put the statement on the record.

Mr. CRUICKSHANK: Was this appraisal done in the presence of Mr. Anderson?

Mr. JAENICKE: Yes.

Mr. CRUICKSHANK: I just want the point perfectly clear. It should be definite that Mr. Anderson was an official employee of the custodian's branch and he was present when the original estimate was made.

The VICE-CHAIRMAN: May I suggest, Mr. Cruickshank, that you ask that question of Mr. Shears.

Mr. CRUICKSHANK: Mr. Jaenicke has just made the statement and this happens to be in my riding and I have been accused of a lot of things in connection with the Japanese so I would like to know.

Mr. JAENICKE: I am not accusing you of anything.

Mr. CRUICKSHANK: Just a moment, Mr. Chairman, if the valuation of the Japanese property was prepared by an officer of the government and was approved as \$700 and the Japanese only got \$10 out of it, I am very much interested.

The VICE-CHAIRMAN: Would you be good enough to table that inventory Mr. Jaenicke?

Mr. JAENICKE: Yes.

Mr. COTE: Before there is any motion put I would like to say this.

The VICE-CHAIRMAN: There is no motion.

Mr. COTE: But we had better hear Mr. Shears.

The WITNESS: Mr. Chairman, and gentlemen, I think you will appreciate it is not possible for me to have all the details of any specific case which you may bring to my attention. However, I would like to say this in regard to what has been read by Mr. Jaenicke. Mr. Anderson was an employee of the office of the custodian. Never, at any time, did he have any authority, nor did he attempt in any way to value any properties. If the Japanese was with him at that time, and it does seem rather likely, it is possible that he was in the area, if he were there at the time the inventory would probably be made when they were together. It is quite possible they listed all the articles together. The placing of any price against those articles would, however, be entirely the responsibility of the Japanese and no consent or approval in any shape or form would have been given by Mr. Anderson because that has been quite a distinct rule in our department. Mr. Anderson is not an appraiser. I think probably, because of his contacts with Japanese property, he has a better idea than I would have, or than some of you gentlemen would have. He was not there in any way to place prices on articles sold. I admit, if those figures are in any way accurate there seems to be a wide gap between what they were sold for and the original valuation. The point would be, what articles were actually sold of the original list? A number of them, for some reason or other, would not seem to have been sold at all. A specific analysis of the file would be necessary to reveal all the facts.

Mr. COTE: Would it be possible to get some information on this particular point in which I am very interested. I understand you are about to leave to return to the coast but would it be possible to send to the chairman or to Doctor Coleman all the particulars and facts pertaining to this particular case?

The WITNESS: I would certainly be willing to do that. The only thing which crosses my mind, and I think I am in order in saying this, is it has been indicated has it not, on the floor of the House, by the minister, that active consideration of claims is under way. Would that not be the time when the



details of specific cases would be of greatest use. However if any particular case is requested we would only be too happy to supply the details.

Mr. COTE: If you require a motion I would be glad to put it.

Mr. SMITH: Even at \$700, and taking the value at half of that, do you not think the committee should have some explanation. If you just take the articles which have been read off by Mr. Jaenicke, and, using our own figures as to what they might be worth, there is a discrepancy. A man gets less than \$10 for the whole lot, and I think some explanation should be forthcoming.

Mr. JAENICKE: You can see for yourself the values are very reasonable.

Mr. COTE: I would be quite prepared to move that you send these particulars on to the chairman, Mr. Shears, leaving it to the chairman and to his steering committee to decide whether it is worth while opening a discussion on the particular case in the full committee.

Mr. FRASER: I wonder if the witness would say whether any other occasions such as this have come to his attention, where the depreciation has gone on to this extent.

The WITNESS: Yes, I would say that is true. I would say this too. It will be without a doubt possible for you to introduce some cases along the line of that which has now been indicated but there will be thousands where you will not find the same situation. I am not making this as a definite statement in regard to this particular case because I am not in a position to do so but just supposing it was shown the articles sold fetched a fair value for what was sold, and all the other articles disappeared. That would have been one of these cases, I admit, an extreme one, where our file might reveal something with regard to the disappearance by theft of all the articles. I do not want the committee to get the impression that in many cases everything in the house had disappeared. I am taking this as an extreme case. Possibly if such a considerable amount of goods were short of the amount of goods which were sold, the answer would be that the goods had been stolen.

Mr. FRASER: In this case you mentioned and these other cases, were these inventories made by men of your department or how were they made?

The WITNESS: In some cases they were supplied in the original declaration, then at a later date our men, as and when it was possible for them to do so, went around to all these various farms and checked up on the articles that were there. In this particular case it would appear Mr. Anderson was there when the Japanese was there and that would be proof positive that these articles were there. It would not, in my judgment, be proof positive of their value. It may or it may not have been right.

Mr. FLEMING: Mr. Chairman, I have a number of questions but to spread this around among the members quickly, I will confine myself to just one phase.

The VICE-CHAIRMAN: Is it on this particular question?

Mr. FLEMING: No, I want to turn now to the Fraser Valley farms.

The VICE-CHAIRMAN: May we dispose of this first? Is it your request that the Chairman ask Doctor Coleman or Mr. Shears to give us further information with respect to this particular case?

Agreed.

Mr. PROBE: Mr. Chairman, I think the information contained there in the documents given to you by Mr. Jaenicke should be retained on the record. As I understand it that inventory form is the regular form of the custodian's branch or a copy of it. It looks as though it has some official value and I believe the thing should be printed as it is there and reference made later on to it.



Mr. CRUICKSHANK: I would like to follow that up. I am also interested in this Fraser Valley. I think every member wants to do the fair thing by the Japanese. We may have been indiscreet in some things but not with respect to the value of goods taken. I do not know how much is involved, there may be hundreds of thousands of dollars, I cannot say. However, with my limited experience in Ottawa I do not see that there is any particular rush for Mr. Shears to return to British Columbia. It is a delightful country out there at any time of the year and I would like to be there myself now, but if there are hundreds of thousands of dollars involved I am not particular whether Mr. Shears goes back to British Columbia to-morrow or a month from now. As I understand it, the minister made a statement in the House that adjustments were necessary and they would have to be made. I think this committee is set up for the purpose of discovering whether any injustice has been done and we are then to make our recommendation. I think we are entitled to all the information we can get and I am not particularly worried about Mr. Shears going back to Vancouver. I would like to go back tomorrow, as I said. After all, Mr. Shears is an official and I think this committee should have whatever information is necessary from Vancouver. Mr. Shears might get that information and explain it to us when he gets it.

The VICE-CHAIRMAN: I assure you, Mr. Cruickshank, that Mr. Shears will be kept here until such time as the committee decides otherwise. I mentioned that he was from British Columbia and the government is anxious that he return as quickly as possible but that is not sooner than he is able.

Mr. CRUICKSHANK: I would like to have this information as brought out by Mr. Jaenicke. I do not know whether it is correct and I do not think Mr. Jaenicke knows whether it is correct but I would like to have details and information brought from the office in Vancouver in order to have Mr. Shears explain it to this committee.

The VICE-CHAIRMAN: You shall have that information.

Mr. COTE: Speaking to that request, Mr. Chairman, I rather think it would be more advisable, before printing the inventory tabled by Mr. Jaenicke, and the other documents, that we get the full reports on the other side of the picture and if necessary at that time we can have the whole thing printed in the same minutes of evidence.

Mr. JAENICKE: The only thing is, it will give you information as to the valuation of these articles and you can form your own opinions.

Mr. COTE: That is an individual case, Mr. Jaenicke. If it was a matter of higher policy you would be quite right, but this is an individual case. There may be a full explanation to account for this particular case and it would be unfair to let all this go into the minutes of evidence here without a proper answer which Mr. Shears is not in a position to give today.

The WITNESS: Just for the purpose of the record it is written right at the top of this sheet, "List made by custodian, owner's valuation added". I am merely putting that down for the purpose of the record. I definitely do not agree that this is a valuation made by an employee in my office.

Mr. JAENICKE: I did not say that.

Mr. FLEMING: We all understand that.

Mr. SMITH: Mr. Chairman, if we are going to print anything it should be printed in one piece, that is the only fair way.

The CHAIRMAN: In the meantime, we will table it and the clerk will be the custodian of the papers.

*By Mr. Fleming:*

Q. Mr. Chairman, may I ask a group of questions in regard to the farms of the Fraser Valley area? As I followed the evidence given by Mr. Shears

yesterday it indicated that in this group of farms there was a total of 769 of which about 20 were not in the Fraser Valley.—A. Yes, I said that. There may have been 30 to 40 relatively the bulk of them were in the Fraser Valley.

Q. Were those outside the Fraser Valley included in the sale to the Soldiers' Settlement Board?—A. Definitely yes. They were in the same offer but some of them were on the mainland and there were a few over on Vancouver Island but it was quite a limited number.

Q. The Soldiers' Settlement Board got the full 769 for the price which you mentioned yesterday, namely \$836,000?—A. No, excuse me, I think we should have this just right. There was an offer on 768 parcels. That was the original offer. There was a subsequent offer.

Q. What was the amount of that offer?—A. That was an offer from the Soldiers' Settlement Board?—A. Yes, 768 parcels, and the offer was \$750,000. It was raised to \$850,000 and that is the point, gentlemen, that we have got to make clear. The offer was for 768 parcels but we were not able to deliver title to all those 768 parcels.

AN HON. MEMBER: For what reason?

THE WITNESS: I will come to that in a minute. There were 768 parcels in the first offer; 55 properties in a second offer which was considered by the advisory committees; and we had to withdraw some 60 odd properties and the actual number finally sold to the Veterans' Land Act was 741. The reason for the withdrawal of those 60 parcels was in part this: 20 of them, approximately, had no Japanese interest at all. The other 41, in a number of cases, were in the name of a deceased Japanese and the sale of that property had to be handled through an official administrator. In some cases there were encumbrances against the property greater than the Veterans' Land Act offer and for that reason they were withdrawn. When the sale was consummated in was consummated on the basis of an acceptable offer of \$850,000 against \$867,000 valuation of the properties in the first offer. Could I put it this way?

This is a copy of the offer. The Japanese name the appraised value, and the sale price. The sale price is 1.7 per cent, a little less than 2 per cent, lower than the appraisal. After a property was withdrawn it was just withdrawn on that basis.

*By Mr. Fleming:*

Q. I do not know whether that was quite clear Mr. Shears. Probably we can clear it up with a question or two. Now the offer which was finally accepted was 741 properties all of which belonged to Japanese?—A. Yes.

Q. They were sold for a total of \$856,256?—A. Definitely.

Q. And some other properties were taken out of the larger group because they were not the property of Japanese?—A. Yes, and also 41 properties that belonged to Japanese which we could not convey were taken out because they belonged to deceased persons and they were not sold to the Veterans' Land Act people.

Q. Some of those would be included in those 50 that you said were not sold?—A. I think they have all been sold.

Q. Let us confine ourselves to the 741 that were sold. An appraisal was made by the superintendent of the Soldiers' Settlement Board.—A. By the Soldiers' Settlement Board of Canada, I think that is the title.

Q. Yes, and their appraisal of those 741 properties was exactly how much? I think you gave the figure yesterday of \$847,000?—A. Yes, \$847,878.

Q. We are clear on that.—A. That would be right, yes.

Q. Now had your office made any appraisal apart from the appraisal of the Soldiers' Settlement Board?—A. Not at the time the offer was being dealt with. The advisory committee made some examination into some of the

properties before they recommended the acceptance of the offer. That was a valuation they made then.

Q. May I inquire if there was any general valuation made by your office before this offer was received or made by the Veterans' Land Act officials?—

A. There was not.

Q. Now you say there was a check made of some properties. How many properties were checked as to valuation before the acceptance of the offer?—

A. I think 17 or 18 properties.

Q. 17 or 18 out of 741?—A. Yes.

Q. And remembering apart from the fact this was a cash offer and a bulk offer, were there any other reasons you would like to mention which would lead your office to recommend government acceptance of this offer? I want to get the whole picture and to make sure you are perfectly fair.—A. This offer was negotiated between the advisory committee of the custodian and the committee of the Department of Veterans' Land Affairs. Representatives of the two committees sat together and as a result of their negotiations the advisory committee under Judge Whiteside recommended to the custodian that, in view of all the circumstances, the purpose for which those lands were required, the fact that the custodian would be relieved of a certain amount of carrying charges, the offer should be accepted and that offer was finally accepted.

Q. Those are the points I mentioned, and I take it we have before us all the factors that led to the acceptance of this offer?—A. Yes.

Q. You mentioned yesterday a figure of assessment of \$1,250,940. I take it that figure is the assessment of the 741 properties.—A. Yes.

Q. Now, have you within your knowledge information as to the terms on which these properties were then sold from the Soldiers' Settlement Board to the veterans?—A. That is not our department of course, but I am advised that when the director of the Veteran's Land Act sells these properties to a returned man he sells them at precisely the amount which he paid the custodian plus any improvements that they themselves have made. That is to say the Veterans' Land Act bought the property for \$2,000 and the returning soldier would buy the property for \$2,000 from the director of the Veterans' Land Act. I think I am right in that statement but of course it is not my department.

Q. Well you feel quite certain about it and perhaps the chairman could arrange to have that information confirmed. Now, let us go on to the distribution of the proceeds. You start with a certain valuation made by the Soldiers' Settlement Board. When you started to break down the proceeds of the \$836,000 among the Japanese owners on what basis did you proceed?—A. Originally the offer was for that number of properties for that sum of money, giving an itemized list of all properties on which they were bidding. For example our file number 11,060, Veterans' Land Act number 75, the Japanese name was S. Sukawa. Their appraisal of that property was \$1,158. Then if you added up all the totals of the 700 odd parcels it would have come to \$857,000 all from the first offer. The sale was then computed to the exact decimal point because of the fact that the advisory committee recommended acceptance of the \$850,000 as against the valuation of \$867,000.

Q. To put it briefly the distribution of the proceeds among the Japanese was based on the appraisal of the Soldiers' Settlement Board and worked out on a pro rata basis against the total price?—A. Correct.

Q. What steps did you take to notify the Japanese concerned of that appraisal?—A. There was a statement sent out to each Japanese showing the price at which his property had been sold to the director of the Veterans' Land Act. On the same statement there would show the disbursements, that is his share of the taxes and fire insurance and I think that would be about all.

Q. And how many owners were there in the 741 properties? Were they all individually owned?—A. I would say yes. There would be some slight difference



because there would be joint interests in a few cases but I would say approximately 700 owners would be concerned.

Q. Did you have replies from them?—A. I would say in the Vancouver office we might have had 300 letters of complaints. That, of course, may or may not indicate that all the people who wished to complain did so because when we received these letters of complaints we replied, stating as I have mentioned before, that their letter was being filed for record purposes. I think it is a fact that the Japanese population as a whole, living in these camps, would understand that if one Japanese complained and received that letter they would all receive such letters and they might not have troubled to write us. I do not know whether that is the explanation but it could be.

Q. How does that number of complaints with reference to the total number of persons affected, compare with the record of complaints that were received regarding the disposal of other types of Japanese property?—A. Well, I am frank in saying here that practically all complaints which have been received have been in connection with these farm lands which were sold to the director of the Veterans' Land Act.

Q. I take it to be a fact from what you said yesterday that your office really had not any particular part to play beyond accepting this particular offer. It was a matter of government policy.—A. It was a matter of negotiation between these two government departments and our local Vancouver office did not enter into the picture in regard to the sales of that group as we did in regard to other properties.

Q. The decision was a government decision?—A. Yes.

Q. A matter of government policy. Just a question in passing. Of the owners of the 741 properties would you know how many were naturalized British subjects resident in Canada?—A. No, I am sorry.

Q. You did not keep any records?—A. In so far as our department is concerned in administering the affairs of the Japanese there was no distinction. An evacuee was not an enemy and whether he was a national or naturalized or Canadian born. It made no difference to the administration of his property and the disposal of it when liquidation came into effect.

Q. That answer would apply to all property of persons of the Japanese race?—A. All evacuees.

Q. There was no distinction drawn between their status in any respect?—A. No, there were of course some Japanese classed as enemies but I am speaking of evacuees.

Q. Have all the owners of the 741 properties now received the proceeds of the sales or in some cases are the proceeds still held by the custodian?—A. The overall picture at the moment is this, that we have approximately 1,600 accounts which have credit balances. They are being sent out just as fast as they can be sent out. They are not being held for any reason at all. In some cases we have sent out money to a Japanese and the cheque has been returned saying that he does not wish to accept it and so that money of course goes back to the credit of his account.

Q. You are speaking of the overall picture?—A. Yes.

Q. When you speak of 1,600 accounts?—A. Yes.

Q. I am speaking only of the persons intitled to sale proceeds from the sale of the 741 properties.—A. I could not give you that proportion but as I say there are credit balances for 1,600 Japanese.

Q. That is another subject to which I would like to come back a little later. You cannot, however, from the knowledge of your records now, tell me how many cases of owners of the 741 properties have received in full the proceeds of the sale of their parcel.—A. No, I can only say that the majority have received their money.



Q. And amongst them how many do you think have refused to accept it?—

A. I think about 30 or 40.

Q. Thirty or 40 out of the majority?—A. Yes, that number returned their cheques.

The VICE-CHAIRMAN: Ten per cent roughly.

The WITNESS: Yes.

*By Mr. Probe:*

Q. Mr. Chairman, I would like to ask a few questions to follow up what Mr. Fleming has been asking with respect to the land held at one time by Japanese nationals, or naturalized Japanese.

Mr. FLEMING: You had better not call them Japanese nationals.

Mr. PROBE: No, I will change that to persons of the Japanese race. Yesterday, in the evidence, the witness accepted a phrase with respect to this land. Perhaps I should ask him whether he did accept the statement with respect to this land but the suggestion was it was already burned out in the sense that it was no longer productive farming land. Might I have his comment on that for the record to-day because I would like to get that matter cleared up? That is as to whether or not it was or was not fit for production.—A. As I stated yesterday I am not a farmer and I merely stated that I have been advised that a number of these properties were in the class of what was termed burned out lands. I do not think that means they were entirely non-productive. I think by putting in more fertilizer and that sort of thing the land would still be productive. That is somewhat of a technical matter and beyond my knowledge but this information has come to us in a general way.

Q. In general would you say these lands were suitable for further farming? That is, they are still suitable for the use of the soldiers to whom they were ultimately sold.—A. I would say that was true, but as I say that would be a question for a person who understood agriculture more than I do.

Q. As far as burned out valuation is concerned the suggestion came from one of the members of the committee rather than from the custodian's department.—A. No, that statement, as a matter of fact, has been a general statement in and around the Vancouver area and the statement did not come from the committee. I am just saying that is generally accepted in Vancouver and the Fraser Valley area that many of the Japanese farms would have been termed as burned out, but they were still producing and I take it can still be productive.

Q. Would you be able to inform us as to what is the general nature of the production of the lands that were occupied by these evacuees from their own production or production that has been obtained since they left? I am not as familiar with that area as would be the member from Fraser Valley. I do not know the country as a whole.—A. They are what might be called small berry farms, raspberries, strawberries and so on, but Mr. Cruickshank might be able to say something there.

Mr. CRUICKSHANK: I certainly intend to say something when you are through.

*By Mr. Probe:*

Q. Well, was the land productive generally, following the removal of these persons from the Fraser Valley? Was it kept in production?—A. Very little of it went out of production. Arrangements were made by the Japanese themselves before their evacuation, in co-operation generally with the Pacific Co-operative Union, that white tenants be placed on the farms. Sometimes the white persons were on the land even before the Japanese were evacuated. Broadly speaking, all the farms had some tenant placed upon them within a limited time.

Q. That would be covered by some form of cropping arrangement whereby the evacuee would receive his proper share of the produce of that farm?—A. In all cases, I think I might say, it was an outright sale of the crop for that particular year. That is to say the Japanese contacted a white tenant and the white tenant said "I will pay you \$600," for instance, "for the use of your property and for the growing of the crop". From that time on, of course, the white tenant had to cultivate it and had to take the crop off.

Q. Might I ask further, in connection with these holdings, was the farm machinery which had been part of each farm left on the farm when the Japanese evacuee left?—A. The farm machinery stayed with the land for the use of the white tenant during the term of his lease. That lease was for one year and in most cases it was renewed for the following year. It was renewed up until the time when these properties were sold to the director of the Veterans' Land Act. At that time the tenants who were on the land became the tenants of the Veterans' Land Act.

Q. Was the machinery valued separately in connection with the appraisal that was made for the purpose of selling out their interests?—A. The offer of the Veterans' Land Act was for the real estate only, the buildings and so on, but not the equipment.

Q. And such things as machinery, livestock, automobiles, and trucks would be disposed of through ordinary channels other than those involved in this arrangement between the custodian and the Soldiers' Settlement Board?—A. Those items were vested in the custodian and were disposed of by the means I outlined yesterday, that is advertising and calling for tenders or, if it was the type of article that could be sold at auction it was sold at auction.

Q. With respect to the land, I presume the land was asked for by the officials of the Veterans' Land Act rather than offered by the custodian to the Veterans' Land Act. I would just like to know whether your department suggested to the Veterans' Land Act that they buy these properties or whether that came about with the offer?—A. I can only say in regard to this particular offer, as already indicated, that it was the result of negotiations between the two governmental departments and not at Vancouver. The Vancouver office did not really come into the picture until after the deal had been consummated.

Q. That is the custodian is simply a third party in negotiations that happened to take place between the Veterans' Land Act or shall we say, the secretary of state and the Department of Veterans' Affairs. Those would be the two departments involved in those negotiations.—A. My understanding is that the deal originated, and of course it would naturally come from the Department of Veterans' Affairs. Knowing of these properties in the Fraser Valley and considering it desirable that they should be held for returned soldiers. I presume the Department of Veterans' Affairs would approach the department which had control of these lands by vesting at that particular time. Those two departments entered into negotiations and the deal was considered by the advisory committee and acceptance was made. It was only at that time that the Vancouver office came into the picture for the purpose of the mechanics of transferring the properties.

Q. May I ask if the Department of Veterans Affairs rejected any parcels because of the burned out feature? I presume they would have had their own inspectors working on this?—A. No, all the properties on which they offered except those which were withdrawn by the Custodian were sold.

Q. Now, then, what was the total acreage that was bought out at this price of \$850,000 or is it \$836,000?—A. I am afraid that on an acreage basis I could not venture an opinion.

Q. You could not give me or the committee an idea of the average acreage of the farms?—A. Yes, but there again, as I mentioned before in connection with the average price of \$1,158, one property was sold at \$10,000 and another

at \$200. These farms were generally small farms, one acre, two acres, five acres and so on.

Q. Would it be more correct to say they were small holdings rather than farms and surely there is an average that we could strike with respect to this?—A. They were small holdings, yes.

Q. Have you any comments to offer on what the assessment procedure is in the Fraser Valley with respect to these lands because I judge, since you have had numerous letters protesting the sale price, the owners wanted more than they got. Is there any basis for their complaint? How is the assessment worked out in the areas where this land was sold? In my city, for example, we have an arbitrary assessment for land and a 30 per cent valuation for buildings.—A. I would not be positive about this but I think land is assessed at its full value and improvements are assessed at 50 or 60 per cent. However, I would rather not make a positive statement in regard to that.

Q. Mr. Jaenicke corrects me and tells me that in Saskatchewan they set the assessment at 60 per cent of the value of the buildings.—A. As a matter of fact they sometimes have an assessed value and a value for taxation purposes but just what the valuation is I do not know.

Q. In general would you say it is incorrect to say that the custodian has sold poor quality land to the veterans in this proposition, the 741 parcels? That is to say the land generally was quite productive.—A. The land was certainly productive.

Q. I wonder why it was that there were 60 properties that were originally offered that were withdrawn from the sale?—A. It has been indicated before that 60 odd properties were withdrawn. Twenty were withdrawn because the Japanese had no interest. In 41 cases there was a Japanese interest but the custodian was not in a position to deliver the title. These properties have been sold since. They have been sold in many cases by the official administrator in co-operation with the custodian but in other cases they have been sold directly by the custodian when at a later time the custodian had cleared up defective titles. The reason they were withdrawn was at that time the custodian was not in position to deliver title. At a later date either the custodian or the official administrator was in a position to deliver the title and those properties were then sold.

Q. Not necessarily to the Veterans' Land Act?—A. No, not necessarily to the Veterans' Land Act.

Q. To private individuals.

Mr. CRUICKSHANK: Mr. Chairman, I would like to ask a couple of questions myself regarding the Fraser Valley. I would like to have as a matter of record the sale price by the custodian to the Soldiers' Settlement Board. I want this on the record in the case of each parcel of land. In other words I want the price that was paid to the Japanese. The reason I want that is that I happen to be a member of the Veterans' Affairs Committee and interested in seeing that the government should not be allowed to exploit the veteran by buying a piece of land for \$1,000 and selling it to the veteran for \$2,000. I want the exact price on each parcel of land bought from the Japanese. I think too much has been said about this burned out land and I am only sorry that the farmers from Saskatchewan are not familiar with the good farming husbandry that we have in the Fraser Valley. They will not know what we mean by burned out land. In the province of British Columbia it has quite a different meaning from, for instance, burned out lands in the province of Saskatchewan. Burned out land in the province of British Columbia in particular the berry farm, is not caused from such things as drought. I want to make this quite clear because nobody is going to say that the Fraser Valley is burned out. Berry farming by the very nature of it is intensified farming as everyone will appreciate. On the average berry farm fertilizer is used and I trust there are no representatives



here of firms selling the stuff. If anybody knows anything about farming and using chemical fertilizer they know that such fertilizer will eventually burn out the land. In the Fraser Valley the average berry farm is a small farm. This might be an Irish way of saying it, but the largest farm would not be over ten acres and the average farm will have about five acres under cultivation. The farm is very intensively farmed and as I have said it has to be kept in condition by the use of chemical fertilizer. That is what we mean by burned out land or farm land which has been mined. I made a statement, and I repeat it now, a very large percentage of these farms in the Fraser Valley were burned out, being over mined, because such fertilizers had been put on the land. In most cases, of necessity, it was chemical fertilizer which was put on the land. Nobody is here to dispute the fact that the Japanese were energetic and good workers, and nobody is here, so far as British Columbia is concerned, at least, to say they were not capable and efficient farmers, particularly in small areas. I am sure Mr. Green will agree with me in that.

I am digressing slightly at the moment because too much attention has been paid to a remark made by Mr. Probe yesterday, "How could they afford to buy these frigidaire if the land was burned out?" I could give you one reason for that. I know of one Japanese farmer who was working at the age of 94, seven days a week; that is one of the reasons. They were able—while the land may have been to a certain extent mined out—to buy frigidaire and such equipment because of their long hours of work. Incidentally, I may say a very small percentage of them had frigidaire because a very small percentage of the Japanese farmers had electricity on their farms. I was just using the word as a term. However, the Japanese work from the time they are four years old until they are ninety years of age, seven days a week.

I heard someone say, "What hours do they work,?" They work up to 18 hours a day. In my own municipality, adopting some of the methods of the lawyers, I had a by-law passed to prohibit them working on Sunday. By pure bluff, I got away with it. They told me I had to go to the Lord's Day Alliance Act. You might just as well try to get something out of one of these government departments as to get something from the Lord's Day Alliance Act. However, I bluffed it through and stopped them working on Sundays. It was for this reason they were able to buy those things. They worked long hours.

Last year, we paid berry pickers in the province of British Columbia as much as we received for the berries in the previous year. We actually paid the pickers as much as we received for the product. By working 18 hours a day, by working all the members of the family from the grandmothers to the grandchildren, the Japanese were able to do these things.

I want to make that very clear. I do not want to dwell on the burned out land. Any land must be kept up. I think everybody knows it.

I disagree with the witness as to the condition of the farms when the Japanese vacated. They were not properly farmed and had not been properly farmed. I am speaking of 90 per cent of the farms. In the production of berries, you must keep your farm replanted and heavily fertilized to keep it up. These farms were leased on a year-to-year basis. I leave it up to anyone of you; do you think anyone is going to take a farm, go in and clean it up and replant it when he is only there for a year? Those farms were not kept in condition and are not in condition now.

As the Fraser Valley has been mentioned, and as most of these Japanese berry farms are in my riding, I must say that now they are just pieces of land. They are not farms in most cases. They have grown up with willows, and to take them over would be like taking over a piece of raw land. They would have to be cleaned up.

The CHAIRMAN: What would be the average size?



Mr. CRUICKSHANK: Ten acres. There is one farm which has been sold in the Mission area. I understand it has been sold for a monastery. It is not worth \$100 for the whole farm, as a farm. The Japanese, apparently being so accustomed in their own country, were capable and willing to farm the hillsides and the mountain slopes. The average berry farm, I am confident, would not equal ten acres. Although the property in question might be over ten acres—it might have 25 acres according to the tax notice—there would only be seven acres of that land under cultivation. I think that is general throughout the province of British Columbia. It certainly applies to the Fraser Valley. The assessment roll might indicate there was more property, but only a small percentage of that is actually under cultivation.

Mr. JAENICKE: What is the customary rental basis for these farms in that district?

Mr. CRUICKSHANK: Previous to this evacuation of the Japanese, it was very seldom a berry farm was rented. I do not think there would be half a dozen berry farms rented in the province of British Columbia. It is not practical because of the limited scale of operations in berry farming.

The CHAIRMAN: Are there any further questions?

Mr. GREEN: What about the difference between the assessed value and the appraisal value?

Mr. CRUICKSHANK: In the Fraser Valley, there are about 17 municipalities affected. Each municipality has a different scale of assessment. Some municipalities have never assessed or taxed improvements at all. Let me put it another way. The city of New Westminster, I think, is the only city of any size in Canada which does not tax improvements. I do not think you could arrive at a valuation of farm land from assessed value. Some municipalities adopt the principle of a high mill rate and a low assessment, and other municipalities adopt the principle of a low mill rate and a high assessment; that is common.

Mr. PROBE: You have no assessment commission?

Mr. CRUICKSHANK: Each municipality sets its own assessment. I think that was true until this year. I think the Goldberg report suggests there be a new assessment made by the provincial authorities for school purposes; that is for the 1947 assessment. I know nothing about it. I have had mostly municipal farm experience and I would say you cannot arrive at a valuation of the land on the basis of the assessment. I believe that is so in most municipalities across Canada.

There was one statement made by the witness with which I disagree. He said there was an assessed value and a value for taxation purposes. I disagree with that entirely.

The WITNESS: I say there are assessment notices without doubt which are in our office which have the assessed valuation and the valuation for taxation purposes. I would not say that was so in the Fraser Valley, but there are such notices.

Mr. FLEMING: In some cases there are exemptions?

Mr. CRUICKSHANK: Oh well, there may be exemptions but I am saying it is not possible to have an assessed value and a value for taxation in the province of British Columbia. I am speaking from memory. Until this year, we were only permitted to tax 50 per cent of the improvements; I think 50 per cent which was the maximum. This year it was raised to 75 per cent.

I am speaking for the veterans who are acquiring these farms, have acquired them or are acquiring them. They are not able to enter into a discussion as to what we paid—when I say “we” I mean the Department of Veterans Affairs paid the Japanese for the land. We are determined the government shall not exploit those prices on the resale to the veterans. If there is an adjustment to

be made—I want this to be put on the record to be perfectly clear—I do not think there is anybody in the Fraser Valley who wants to see any injustice done to those Japanese. Whether they were paid enough, I do not know. I do not think anybody else can tell. I do know the men who were on the advisory board. Judge Whiteside, is one of the men of whom I am speaking and Mr. Menzies is another. Mr. Menzies has lived in the centre of the Japanese area for thirty years. I happen to be the person who recommended Mr. Menzies as a member of that board. He is a capable man in real estate. He is a man who resided right in the area. I presume he gave a fair valuation.

There is such a vast difference between the value of farm land, as between 1942 and 1947 in any part of British Columbia, that to-day's values cannot be taken into consideration. Values have trebled in the Fraser Valley. Land which sold in 1942 for \$150, which was considered a good price at that time, has sold this year for \$600. In so far as farm values are concerned, there can be no comparison between 1942 and 1947.

I do want that point to be clear. When I referred to burnt out land, that is common in any part of Canada, and particularly in connection with intensive farming. For instance, your Niagara Peninsula is one of the finest districts in Canada, and certainly the only good district you have in Ontario, but it would be burnt out if you did not constantly keep that property up. It is the same wherever you have intensive farming.

Mr. JAENICKE: How can you recondition that land?

Mr. CLEAVER: By adding humus to the land.

Mr. FLEMING: May I have a couple of minutes to ask a few questions in connection with this matter?

The CHAIRMAN: I caught Mr. Cote's signal, so you will have a couple of minutes and Mr. Cote will be the last.

*By Mr. Fleming:*

Q. Mr. Shears, do you know who made the valuation on behalf of the Soldiers' Settlement Board?—A. No, I do not. It was the Soldiers' Settlement Board valuers, that is the only title I have.

Q. We will have to get that from that department, then?—A. Yes.

Q. You mentioned that you have had valuations made of 17 of the 741 properties. I presume that was as a sort of check against the offer, is that correct?—A. The Advisory Committee had that check made.

Q. Who made the valuation of the 17 properties?—A. The members of the committee themselves, Mr. MacKenzie and Mr. Menzies.

Q. Did they take along an independent valuator?—A. I could not say. They reported back to the committee that they had appraised 17 properties and they brought the result to the committee.

Q. Have you those results?—A. I am not sure whether I have them here, but those valuations they brought back to the committee were all higher than the Soldiers' Settlement appraisal.

Q. Within what area were those 17 properties located?—A. They just checked the spot valuations throughout the group of lands.

Q. Then, you can furnish the committee with the particular properties, the valuations made by the committee in each case?—A. Yes.

Q. And you are going to do that along with these other items for which Mr. Cruickshank has asked, namely, the settled purchase price of each property?—A. Yes.

Q. You mentioned later there were 60 additional properties sold. Did I understand you correctly?—A. There was what was called an addition to this number of properties and that was also sold on the same basis, that is to say, it was the Soldiers' Settlement appraisal and the properties were sold exactly

at the same percentage differential, less than 2 per cent of the valuation. So you could put the whole deal together.

Q. That is to say, these properties were all sold to the one private purchaser, is that correct?—A. They were sold to the Veterans' Land Act, a second offer, an additional offer, I will call it.

Q. And the basis was precisely the same?—A. Precisely the same, yes.

Mr. PROBE: That is not the way I understood your answer.

*By Mr. Fleming:*

Q. That is not what I have noted when Mr. Probe was questioning you. You said they were sold to private purchasers.—A. They were properties withdrawn from the Veterans' Land Act. There were 60 odd properties withdrawn, 20 did not belong to the Japanese and 40 have been advertised and sold either by the custodian or the administrator.

*By Mr. Cruickshank:*

Q. Is it not correct that some of these properties were sold by the Japanese direct, themselves?—A. No, not these particular properties. There were properties sold by the Japanese, but not these particular properties.

*By Mr. Fleming:*

Q. We have it straight; there were 60 sold through your office to private purchasers?—A. Forty-one.

Q. What was the valuation of those properties on which you based your selling price; how was it made?—A. They were independent appraisals which I had made in line with the valuations which were made on the other 900 properties to which I referred yesterday.

Q. They were made by independent valuers in the area?—A. In the area, yes.

Q. Were appraisals made on any of those by appraisers for the Soldiers' Settlement Board?—A. I did not catch your question. Originally in the offer, they had been valued by the Soldiers' Settlement people, but they were withdrawn and then they were valued—

Q. Then, you had a fresh appraisal made of them?—A. Yes, we had a fresh appraisal made.

Q. Can you give us a list of the forty-one properties with the two appraisals, the first appraisal by the Soldiers' Settlement Board and the second appraisal made by your independent appraiser?—A. Yes, that is quite easily available, except, I would say this, rather than give the two appraisals we could give the prices at which the properties were sold.

Q. To give the committee the complete picture then, would you submit a list of the 41 properties with the three figures opposite each, the first appraisal by the Soldiers' Settlement Board, the second appraisal made by your office's independent appraisers and third, the selling price in each case?—A. Yes, I can give you the first two right here and will secure from Vancouver, the second appraisal—I can give the Soldiers' Settlement appraisal and I can give you the custodian's selling price.

Q. It would be better to give it to us complete, would it not?

Mr. CASE: I had a suggestion to make in connection with a question asked by Mr. Cruickshank. He has asked for a list of the properties, their values and so on, and there have been some questions asked about the average number of acres per farm. Would it be helpful to have the acreage of each of the properties?

Mr. CRUICKSHANK: I presumed that would be on the list of properties?

The WITNESS: I would not be able to give you the acreage.



The CHAIRMAN: If you want the 741 properties listed along the lines as outlined by Mr. Fleming, it is within your power to ask for it—

Mr. CRUICKSHANK: That is exactly what I do want.

The CHAIRMAN: I do not know whether you heard the answer given by Mr. Shears. He said all the 741 properties sold to the DVA were re-sold to the veterans at exactly the same price.

Mr. CRUICKSHANK: With all due deference to you, that is not according to the facts which I have. I am not saying Mr. Shears is responsible for the Department of Veterans Affairs, that is out of his jurisdiction.

The CHAIRMAN: The committee desires the 741?

Mr. FLEMING: Yes, and that can be compared with the witness from the Department of Veterans Affairs.

The CHAIRMAN: Gentlemen, just before you leave, would it be possible to meet this afternoon? Is it your pleasure to do so, otherwise we would not meet until next week. I am not, as a rule, in favour of holding meetings while the House is in session. I have stated my position on that on more than one occasion in other committees. If it is your wish we should meet this afternoon, we could meet again at four o'clock.

Mr. FLEMING: I doubt very much now if we are going to finish Mr. Shears to-day. Of course, that may not be a reason why we should not meet this afternoon, but there are a lot of other matters to be covered yet.

The CHAIRMAN: Then, we will adjourn until Monday morning at eleven o'clock.

The committee adjourned at 1.05 p.m. to meet again on Monday, May 12, 1947, at 11.00 a.m.





(SESSION 1947)  
(HOUSE OF COMMONS)

STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 6

MONDAY, MAY 12, 1947

## WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;  
Mr. F. G. Shears, Director, Vancouver Office; and  
Mr. K. W. Wright, Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947



## MINUTES OF PROCEEDINGS

MONDAY, May 12, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m.

*Members present:* Messrs. Boucher, Burton, Case, Cockeram, Cruickshank, Dechene, Fleming, Gladstone, Golding, Grant, Jaenicke, Johnston, Kirk, Pinard, Smith (*Calgary West*), Stewart (*Winnipeg North*), Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property; Mr. F. G. Shears, Director of the Vancouver Office; and Mr. K. W. Wright, Counsel.

On motion of Mr. Golding,

*Resolved:* That in the absence of both the Chairman and the Vice-Chairman, Mr. Roch Pinard act as Chairman.

The Acting Chairman, Mr. Roch Pinard, took the Chair and thanked the members for the honour bestowed upon him.

The Committee resumed its investigation into the administration of the Vancouver office of the Custodian.

Examination of Mr. Shears was continued.

The witness supplied the Committee with information requested at the meeting of Friday, May 9, 1947, relating to the sale of 741 parcels of land, and was questioned thereon.

The witness filed a copy of Order in Council P.C. 5523, dated Monday, the 29th day of June, 1942, which is printed as Exhibit "A" to this day's minutes of proceedings and evidence.

On motion of Mr. Stewart (*Winnipeg North*),

*Ordered,*—That the minutes of the Advisory Committee to the Custodian, in the matter of the sale of 741 parcels of land, be produced at the earliest possible date.

On motion of Mr. Fleming,

*Ordered,*—That the balance of the correspondence between the Advisory Committee to the Custodian, the Department of the Secretary of State and the authorities of the Veterans' Land Act, relating to the sale of the 741 parcels of land, be made available to the Committee.

The witness supplied the Committee with a full report concerning the disposal of inventory of chattels left on the property of one Naochi Karatus.

On motion of Mr. Jaenicke,

*Ordered,*—That the original papers concerning the said Naochi Karatus, which were tabled by Mr. Jaenicke at the previous meeting of the Committee be printed as Appendix "B" to this day's proceedings and evidence.

At 1.05 o'clock p.m., the Committee adjourned until Tuesday, May 13, 1947, at 11 o'clock a.m.

ANTOINE CHASSE,

*Acting Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
May 12, 1947

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Acting Chairman, Mr. Roch Pinard, presided.

Mr. GOLDING: Gentlemen, we have a quorum. Mr. Isnor will be away to-day, so I will move that Mr. Pinard take the chair for this meeting.

Carried.

The Acting CHAIRMAN: Gentlemen, I wish to express my appreciation of this privilege you have extended to me. I hope I will be able to conduct the meeting properly. I understand the order of business for to-day is to have Mr. Shears resume his testimony. Before we proceed with that, I think Mr. Shears has a statement to make in connection with his testimony at the last meeting. I should like to ask that the privilege be given Mr. Shears of making such a statement.

**Frank G. Shears, Director of the office of the Custodian, Vancouver, recalled:**

The WITNESS: Mr. Chairman, on several occasions during this enquiry reference has been made to the figures in connection with the sale of farm lands to the Veterans' Land Act. For the purpose of the record, I should like to clarify this matter in the minds of the members of the committee and show the reconciliation between the offer and the actual sale. I have a few copies of a statement containing those figures which some members of the committee might wish to have in order to follow the statement as I read it to you.

Two offers were received from the director of the Veterans' Land Act, one in May, 1942, for 768 parcels, the appraised value of which was \$865,672. This appraisal was made by the Soldier Settlement of Canada under order in council No. P.C. 5523, dated the 29th of June, 1942. The offer was \$850,000, and that offer was finally accepted by the custodian. On a certain number of parcels, the offer was increased to the extent of \$3,817.

In October, 1943, a further offer on 42 parcels was received. The Soldier Settlement appraisal on this land was \$45,484. The offer accepted was \$44,573, making a total offer on 810 parcels, with an appraised value of \$911,156, and an accepted offer of \$893,390.

As has been previously indicated, the custodian was not in a position to give title to those 810 properties. Twenty-six of them had either been previously sold by the Japanese or, in some cases, there was no Japanese interest in the properties at all. These 26 properties were, therefore, withdrawn.

Then, there were 43 properties of deceased estates or where the encumbrances on the property were greater than the amount of the offer or where the title was in such shape that it needed to be cleared up before a conveyance could be made. The number of such properties was 43. The Soldier Settlement appraisal on these parcels was \$39,591, and the V.L.A. offer was \$38,876. Then, when the deduction of these two items is made, you have the figures which have been

quoted before, a sale of 741 properties appraised at \$847,878 and sold for \$836,256. The municipal assessment on that group of 741 parcels was \$1,215,940, and the approximate acreage of those 741 parcels was 10,000 acres.

Now, with those figures I think we at least know to what reference has been made in the past. There has been a little confusion between the difference in the number of parcels on which offers were made and the number of properties sold. These offers, gentlemen, were received by the custodian. Negotiations took place between the regional committee of the Veterans' Land Act consisting of Mr. J. Godfrey, Mr. J. J. McLellan and Mr. G. Carncross. Negotiations were carried on between that committee and the advisory committee of the custodian under the chairmanship of Judge Whiteside. The advisory committee were informed that the Soldier Settlement valuers had been actively engaged in valuating farm lands since 1935 for farm adjustment and other purposes and that that board was an official agency with an adequate trained staff, qualified to make appraisals.

The members of that regional committee stated that, in regard to these properties on which they were making an offer, only 10 per cent of the properties were what they described as being low land where, apparently a higher productivity takes place. It was stated there was no comparison of the yield between high and low land, and that the high land had been farmed intensively and the soil values were petering out. It was also stated that an average of several hundred dollars would have to be spent on the various houses in order to make them habitable. The recommendation of the advisory committee was conveyed to the Honourable Secretary of State at Ottawa on June 14, 1943, by Judge David Whiteside. The letter reads as follows:

Dear Sir,—A meeting of the advisory committee at which I presided was held in my chambers on Tuesday, 1st June, 1943, at 2.30 p.m. Members of the committee present were Mr. D. E. MacKenzie and Mr. Hal Menzies.

Mr. F. G. Shears, Acting Director of the Custodian's office in Vancouver, submitted and read correspondence which had taken place since the last meeting of the committee held on May 24, between Mr. I. T. Barnet, District Superintendent of the Soldier Settlement of Canada and Mr. G. W. McPherson.

A letter from Mr. G. Murchison, Director of the Soldier Settlement and Veterans' Land Act, dated from Ottawa, May 29, 1943, addressed to Mr. G. W. McPherson, Executive Assistant, office of the Custodian, Department of the Secretary of State, Ottawa, was also read in which a revised offer of \$850,000 was submitted covering the purchase of 769 parcels of land.

After the committee had fully considered the proposal a unanimous recommendation was made that the offer be accepted. In making this recommendation, consideration was given to the following facts:

- (a) That the committee concurs in the policy of liquidation of Japanese properties in the protected area of British Columbia as provided for in order in council P.C. 469.
- (b) That the purpose for which such lands are required is for the rehabilitation of returned soldiers.
- (c) That the offer is not for selected individual parcels but for a block of 769 parcels which include a large proportion of uncultivated land and a considerable amount of bush land.
- (d) That while the appraisals of 17 farms made by this committee were in excess of the appraisals of the Soldier Settlement of Canada, it was realized that present values are enhanced due to war conditions and do not represent ordinary land values as in normal times.

- (e) That the present offer is for cash and can therefore be reasonably expected to be less than the appraised value in view of the interest which may accrue by investment of the purchase funds.
- (f) That the Custodian will be relieved of the cost of administration, taxes, fire insurance, depreciation.

The committee, therefore, are of the opinion that the offer of \$850,000 was fair and reasonable and recommend to the Custodian that the offer be accepted.

This recommendation is set forth in the Minutes of the Committee.

(Signed) D. WHITESIDE,

*Chairman of Advisory Committee.*

Mr. FLEMING: May I interrupt? I think the whole letter should go in the record. I did not hear the name of the person to whom it was addressed.

The WITNESS: The Honourable, The Secretary of State at Ottawa.

The Acting CHAIRMAN: I see no objection to that.

*By Mr. Burton:*

Q. May I enquire as to the municipal assessment? The municipal assessment was \$1,250,000, and is it the custom of the municipalities in that part of the country to assess higher than the real value of the land?—A. That question has been raised before. It has been stated there is no uniformity of assessment throughout the B.C. area. Broadly speaking, I think the land is assessed at full value and improvements at some proportion, 50 or 60 per cent of the valuation; that has not been clearly established.

Q. It is your opinion that the valuations of these two different organizations were fairer valuations than the municipal assessment was?—A. I would not care to make any statement with regard to that in view of the appraiser's valuations. I mean to say, I would not consider myself a qualified appraiser by any manner of means.

The Acting CHAIRMAN: Would the committee not prefer to have the witness' statement completed before questions are put?

Mr. FLEMING: Agreed.

The WITNESS: The letter which I have read making the offer was accepted on June 23, 1943, by a letter written by the Secretary of State and signed by Norman A. McLarty. This letter was addressed to Gordon Murchison, the Director of the Veterans' Land Act at Ottawa. I do not think I need to read the letter. It is an acceptance of the offer outlined in the letter which I have just read.

Mr. FLEMING: Could we have the letter read? I think the letter should be put in the record and in order to follow the testimony being given at the moment, I think we should hear the letter read by the witness.

The WITNESS: The letter reads as follows:

*Re: Japanese Evacuee Lands*

Dear Sir, Your offer to purchase seven hundred and sixty-nine (769) parcels of land for eight hundred and fifty thousand (\$850,000) dollars, subject to the terms and conditions set forth in your Mr. Barnet's letter of May 17, as amended by your letter of May 29, is hereby accepted subject to the following conditions which I understand Mr. McPherson has discussed with you and with which you agree. These conditions are as follows:

1. All taxes, charges and fire insurance for the crop year of 1943 will be assumed by you.



2. All rents paid or payable for the crop year 1943 will be assigned to you less such adjustments as may be necessary to take care of any taxes, charges or fire insurance paid for the 1943 crop year.

3. All existing lease agreements covering the lands included in your offer will be assigned to you by a general assignment, you already having duplicate copies of all such leases.

I would appreciate receiving a letter from you confirming these variations in the conditions of your offer.

Yours very truly,

(Sgd) N. A. McLARTY,

*Secretary of State.*

The Acting CHAIRMAN: Would the committee prefer this letter be filed with the clerk?

Mr. FLEMING: It should be made part of the running record.

The WITNESS: At the last meeting I was asked to secure—before I say that, you will notice in the recommendation of the advisory committee a reference is made to the 17 valuations which they had made being in excess of the Soldier Settlement appraisal. I was asked at the last meeting to secure those spot valuations which numbered 17. Four of them were for properties in the municipality of Surrey; five in Maple Ridge; four in Mission; two in Pitt Meadows and two in Matsqui. I am not going to read the individual amounts, but I will read the totals. Unless you wish, I will not read those figures for the time being. You will notice that the total municipally assessed value on the 17 properties was \$31,119.

Mr. FLEMING: I am sorry to be interrupting, but are we going to put this right in the record.

The Acting CHAIRMAN: I think it would be better, and if the committee has no objection it will be put right in the record.

SPOT VALUATIONS ON SEVENTEEN (17) PROPERTIES MADE BY MEMBERS OF THE ADVISORY COMMITTEE DURING THE MONTH OF MAY, 1943

<i>Assessed Value</i>	<i>Advisory Committee's Valuation</i>	<i>Soldier Settlement Board's Valuation</i>
\$ 2,900.00	\$ 5,400.00	\$ 3,777.00
1,425.00	1,600.00	800.00
1,900.00	2,000.00	1,060.00
1,100.00	1,750.00	816.00
1,700.00	1,450.00	986.00
2,200.00	2,500.00	1,350.00
950.00	850.00	500.00
2,000.00	3,250.00	1,110.00
400.00		
3,500.00	4,400.00	3,610.00
3,729.00	4,000.00	2,085.00
1,400.00	1,750.00	1,100.00
1,050.00	950.00	988.00
1,000.00	950.00	1,222.00
1,100.00	1,100.00	727.00
1,200.00	3,500.00	2,723.00
2,700.00	3,550.00	3,278.00
2,865.00	4,150.00	2,100.00
<hr/> \$ 31,119.00	<hr/> \$ 43,100.00	<hr/> \$ 28,232.00

The WITNESS: The total municipal assessed valuations were \$31,119. Now if you will just go to the last column you will see that the Soldiers' Settlement Board valuation was \$28,232 on the 17 properties. The advisory committee's valuation on the same property was \$43,100. The approximate acreage of those 17 properties was 250 acres and the cultivated part was about 140 acres.

Now then gentlemen, that is my statement, in answer to the question raised at the last meeting regarding these spot valuations. Then, in addition to that I was asked to secure or to give you information in regard to the number of properties which were withdrawn from the original offer which figures show on this statement that I produce. Here again I have a number of sheets that perhaps would be of some use.

LIST OF PROPERTIES WITHDRAWN FROM THE V.L.A. OFFER  
AND SUBSEQUENTLY ADVERTISED AND SOLD.

V. L. A.			CUSTODIAN		
No.	Appraisal	Offer	Appraisal	Sale Price	Date Sold
87.....	323.00	\$ 317.00	\$ 700.00	\$ 750.00	July 1944
146.....	2,000.00	1,964.00	3,100.00	3,500.00	Jan. 1945
19.....	850.00	835.00	2,400.00	2,500.00	May 1945
120.....	1,300.00	1,276.00	2,750.00	2,750.00	Dec. 1945
489.....	453.00	445.00	1,000.00	1,500.00	June 1944
121.....	3,698.00	3,631.00	7,845.00	8,050.00	April 1944
78.....	1,600.00	1,571.00	2,850.00	2,850.00	June 1945
51.....	460.00	452.00	1,000.00	1,000.00	Aug. 1945
29.....	555.00	545.00	1,000.00	1,310.00	April 1946
23.....	1,875.00	1,841.00	1,850.00	2,500.00	June 1944
13.....	1,000.00	982.00	1,800.00	1,800.00	June 1946
375.....	25.00	25.00	250.00	325.00	Jan. 1945
148.....	521.00	512.00	950.00	1,030.00	April 1944
313.....	257.00	252.00	800.00	800.00	June 1944
390.....	—	—	400.00	400.00	June 1945
138.....	504.00	495.00	800.00	800.00	Oct. 1942
95.....	133.00	131.00	650.00	1,000.00	June 1944
129.....	507.00	498.00	550.00	980.00	June 1944
101.....	—	—	50.00	50.00	May 1945
37.....	336.00	330.00	1,600.00	1,620.00	Sept. 1945
347.....	1,088.00	1,068.00	3,250.00	3,250.00	June 1945
237.....	2,224.00	2,184.00	2,900.00	3,000.00	Sept. 1945
226.....	672.00	660.00	1,300.00	1,500.00	Jan. 1945
333.....	161.00	158.00	1,442.00	1,500.00	Sept. 1945
334.....	50.00	49.00	350.00	332.50	Mar. 1945
693.....	1,720.00	1,689.00	1,800.00	2,500.00	June 1946
668.....	447.00	439.00	1,000.00	1,050.00	Sept. 1944
445.....	683.00	671.00	1,375.00	2,110.00	June 1944
444.....	382.00	375.00	1,200.00	1,400.00	April 1946
438.....	3,750.00	3,682.00	4,235.00	4,000.00	July 1945
486.....	346.00	340.00	600.00	1,050.00	Nov. 1944
642.....	650.00	638.00	1,845.00	1,851.00	Feb. 1945
463.....	691.00	678.00	800.00	800.00	Dec. 1944
525.....	1,350.00	1,326.00	1,782.00	1,900.00	Aug. 1944
491.....	3,828.00	3,759.00	6,250.00	8,000.00	April 1946
491.....	1,006.00	988.00	1,750.00	2,750.00	April 1946
656.....	650.00	638.00	850.00	850.00	Oct. 1943
500.....	1,589.00	1,560.00	1,688.00	2,000.00	May 1945
23.....	875.00	859.00	4,375.00	4,650.00	Aug. 1944
748.....	—	—	350.00	350.00	Aug. 1944
502.....	1,032.00	1,013.00	1,825.00	1,825.00	Sept. 1944
43.....	\$39,591.00	\$38,876.00	\$73,312.00	\$82,183.50	18 during 1944
props.					18 before June 1945
					6 after June 1945
					6 during 1946

Now unless you wish I will not read these individual amounts but that is a list of properties withdrawn from the V.L.A. offer and subsequently advertised and sold. They were withdrawn for the reasons that I have already indicated. If you add them all up you may find that there are only 41 properties, but one property, the sixth one down, was divided into three. And for the purpose of reconciliation we use the total of 43 properties. The first column shows the Soldiers' Settlement Board appraisal under the order in council previously referred to. The second column is the N.L.A. offer which is something within two per cent of the appraisal. Then these properties being withdrawn, the custodian proceeded to deal with them in the same manner which he dealt with the other 900 parcels to which reference has been made in previous committees. Appraisals were made by the custodian and the total appraised valuation was \$73,312. These parcels were advertised by the same method as

adopted in regard to the other properties and they were either advertised by the custodian or by the official administrator in co-operation with the custodian but they were all advertised and tenders called for. As a result of calling for tenders, offers were finally accepted, the total amount being \$82,183.50.

Mr. JOHNSTON: Were those all sealed tenders?

The WITNESS: Yes, sealed tenders.

Mr. JOHNSTON: And they went to the highest bidder?

The WITNESS: Yes, to the highest bidder, providing it was equal to or more than the appraisal, and then it was accepted. The provision was, of course, made that no tender of necessity would be accepted. The practice was, however, to accept the highest tender providing that it was equal to or higher than the appraised valuation. That tender was usually accepted. You will find in one or two cases where the sale value was less. Can you see an item of \$350 in the third column? Now that property was sold for \$332.50. That was simply a case, where, in reviewing the tender, it was thought that it was close enough to warrant acceptance. I think that in the list you will only find one other case like that. Otherwise the accepted offer was either equal or in excess of the valuation. Now you might see, gentlemen, that on the list there are a number of cases where the appraisal and the sale price are identical. For example, you will see about the fifteenth item down in the third column where the appraisal was \$800. The sale price was also \$800. There is an appraisal of \$400 and a sale price of \$400. You might say, "Well, how would the tenderer know what the appraised value was?" He did not know and what happened in those cases was that a tender was received which was less than the amount of the appraisal and such offer was rejected. Then we went back to the person making the tender and said, "We will not sell it to you for that amount, but if you are prepared to pay such and such a price, and we named the appraised price, the matter will be given consideration". That is why, in a number of cases, the accepted tender actually equalled the appraisal. In many cases the offers were higher and they were immediately accepted.

Then, of course, I should like to point out that the offer from the Veterans' Land Act, received during 1943, was consummated on the basis of a sale as at January 1, 1943. These sales made by the custodian were not made in 1943. Eighteen of them were made in 1944, eleven made before June 1945, six after June 1945, and six during 1946. I mention that because I think it has already been established that there has been a continuous increase in real estate valuation. That, Mr. Chairman, I think is my statement in regard to the V.L.A. matters.

Now there was the question in regard to Karatsu's file.

Mr. CRUICKSHANK: Have you the assessed value on those 17 properties?

The WITNESS: I am afraid I have not. As far as the Vancouver office is concerned the assessments all appear in the files but we have not tabulated the assessments. We have been dealing with the properties on the appraised value rather than the assessed value.

Mr. JOHNSTON: Can you account for the tremendous difference between the appraisal of the V.L.A. and the custodian?

The WITNESS: No, beyond the fact there would be an increase because of advance in real estate values.

Mr. JOHNSTON: For instance, the first one on the list is over double the appraisal made by V.L.A.

Mr. CRUICKSHANK: Well, would the V.L.A. not take these properties over as farm lands and the custodian might take into consideration the fact that it might be a gas station or something else.



The WITNESS: Yes, there are those factors. We assume the valuation made by the Soldiers' Settlement Board was in the light of the purpose for which they required the properties.

Mr. FLEMING: Let me just interrupt there. The witness says he assumes that fact. Now as a ground for that assumption is there something on the record from D.V.A. to that effect?

The WITNESS: The only thing is they thought those houses, for instance, would need several hundred dollars spent on them in order to make them habitable for the returned soldier whom they expected to place upon the property.

Mr. FLEMING: If that is the only statement on which this assumption is based I do not think it is a foundation at all. I think it would be well to avoid statements based on assumptions.

The WITNESS: Well I would be prepared to withdraw that. You have the fact that the Soldiers' Settlement Board appraisal was made under the order in council and you have had given to you the qualifications of that board. That was the basis on which this deal was made. When I came into the picture as director of the office having to sell these properties individually, I just followed the ordinary course, having them reappraised and calling for tenders and the results are shown.

Mr. GOLDING: Mr. Chairman, I wonder if the witness can tell the committee at what stage the Veterans' Land Act made their appraisal and when the custodian made his.

The WITNESS: The order in council was dated the 29th of June, 1942. I have a copy of the order in council.

Mr. FLEMING: Will you put it on the record?

Mr. GOLDING: And then what time was the custodian's valuation made?

The WITNESS: The custodian's valuation was made from time to time as these properties became available for sale. The fact that 18 were sold in 1944 would indicate it was during 1944 that those 18 particular properties would be reappraised and it would be before the first half of 1945 that another 11 were appraised. That is to say when the custodian was in a position to deliver the title to these properties the appraisals were made.

Mr. CRUICKSHANK: There was one piece of land had a hops kiln and hops were brought in from the various parts of the district to dry in this kiln. Obviously the Soldiers' Settlement Board would not be buying the land for that particular purpose. I think that you will find that is one reason for the difference in appraisal.

Mr. GOLDING: The situation would likely be that the property would have increased by this time, would it not?

The WITNESS: There was an increase in the value of real estate during the whole time.

Mr. GOLDING: From 1942.

The WITNESS: Well I would not care to make that statement, I do not think there was any increase in 1942 and not very much in 1943.

Mr. JOHNSTON: The valuation would not have increased 100 per cent. That would not account for the difference in valuation or appraisals made by the two different organizations.

Mr. GOLDING: I think you will find that property increased here 100 per cent between 1942 and 1945, and in many other towns.

Mr. FLEMING: I doubt if you will find that in the case of farming lands anywhere.



I think it would be better if we were to clear up our questions on this matter before Mr. Shears goes on to the next subject.

The Acting CHAIRMAN: I am in the hands of the committee. It might be done that way.

Agreed.

*By Mr. Fleming:*

Q. Mr. Shears, you introduced some correspondence this morning which had passed between the office of the Secretary of State and the Veterans' Land Act. Is there any other correspondence on record bearing on this sale of the Fraser Valley lands to the Veterans' Land Act administration?—A. The original offer from Mr. Murchison was for \$750,000. Negotiations did take place between the two committees that I have referred to and they brought their offer up to \$850,000. There was correspondence between the two departments but it was just relative to the increase in the offer.

Q. I think, Mr. Chairman, as part of the correspondence has been introduced, the full record should be laid before the committee and the balance of the correspondence produced.

The Acting CHAIRMAN: I do not see any great necessity of producing all those documents unless the honourable gentleman wishes to tell the committee what his reason for asking is.

*By Mr. Fleming:*

Q. If any correspondence is relative to the matter and of interest to the committee, then surely it would be in the interests of the committee to know what the reasons were for the increase of the offer from \$750,000 to \$850,000 and the correspondence would be of some considerable value to us.—A. I can give the over-all reasons for that. The advisory committee said to this regional board which was set up that, "You are offering \$750,000 and the Soldiers' Settlement Board appraisal is \$862,000 and we will not accept the offer". Then later they came back and said after consideration that they would offer \$850,000. The advisory committee then considered that the difference was so small, between \$862,000 and the \$850,000 that, taking into consideration the fact that it was for all the properties and not selected parcels, they should accept, and Judge Whiteside wrote the letter of acceptance.

Q. I take it the witness has not got the other correspondence so I will not delay proceedings or the questioning of the witness by asking for further correspondence. I will, however, offer a motion to that effect in due course. Now coming to the second of the statements submitted this morning. The spot valuations of the 17 properties made by the advisory committee were made during the month of May 1943. Now those valuations I take it were made at the date of receipt of the offer of \$850,000?—A. Yes.

Q. Up to that time the advisory committee had rejected the offer of \$750,000 without waiting to make these spot valuations?—A. That is correct, yes.

Q. And when the offer was increased by the V.L.A. to \$850,000 the advisory committee arranged to have these spot valuations made. You outlined in your evidence at the last meeting why that was done. I see of the 17 properties the offer in the case of 15 is higher than the appraisal and lower in only two cases. Those two are small properties, and they are the 12th and 13th properties on the list. In one case the advisory committee valuation is \$950 and the Soldiers' Settlement Board \$988. The second case shows \$950 for the advisory committee and \$1,222 by the Soldiers' Settlement Board. In the other cases the advisory committee valuation is higher than the Soldiers' Settlement Board valuation.—A. What was that?

Q. In all of the other 15 cases the advisory committee valuation is higher than the Soldiers' Settlement Board valuation, in some cases it is twice as much. Then, in the last statement submitted by the witness we have an appraisal made by the custodian. Now, were those appraisals of the 43 properties made at the same time or were they made from time to time as offers for the properties were received?—A. They were not all made at one time and they were not made until such time as we had cleared the question of title and were able to offer these properties for sale. For example, here is a deceased estate and we were not in a position to offer that property until the administrator, through his legal processes, said, "I am prepared at this time to offer this particular property for sale," and in connection with that an advertisement was placed in the newspapers calling for tenders on that particular property, and that started to take place during 1944.

Q. I understand that in relating the date of the appraisal to the date of the sale—A. The date of the appraisal would be approximately the time of the sale.

Q. It would be approximately the time of the sale. Then when we are comparing the columns of appraisal by the custodian and the sales price by the custodian we are comparing appraisals and sales made at the same time?—A. Relatively at the same time.

Q. And the sale price of those 43 properties when sold by the custodian were running substantially in excess of the custodian's appraisal; even then your aggregate is advanced by \$9,000 on an aggregate appraisal of \$73,000?—A. That is correct.

Q. In other words, the sale was running roughly 12 per cent above the custodian's appraisal made at the same time?—A. That would be correct; and, of course, that would result from the fact they were offered for tender and the person placing offers made their own bid.

Q. I do not know whether it would be accounted for as simply as that, but that is the fact. Turning back to the V.L.A. appraisal, the appraisal in that case—you have indicated it was made some time between June, 1942, and May, 1943, between the date of the order in council and the date of the first offer?—A. Yes.

Q. When was the custodian's office in Vancouver made aware of the amounts of the appraisals of the V.L.A. administration?—A. At the time the offer was made. That would be the letter I have read from Mr. Murchison.

Q. That would be in May, 1943?—A. That would be in May, 1943.

MR. JOHNSTON: Offered by the custodian?

MR. FLEMING: No, by the Veterans' Land Act for a group of properties involved.

MR. JOHNSTON: How does it come that the V.L.A. made an appraisal until such time as the custodian was in a position to offer a bill of sale?

MR. FLEMING: However it may be, the fact is that that appraisal made by the Veterans' Land Act was not communicated to the custodian's office in Vancouver until the time the first offer was submitted in May 1943?

THE WITNESS: That is correct.

*By Mr. Fleming:*

Q. I do not know whether there is any further comment required apart from the fact that the custodian's appraisal, various appraisals, total almost twice the figure of appraisals made by the Veterans' Land Act, and on that an advance of probably 12 per cent is made in all the custodian's sales. Now, in the light of that experience, Mr. Shears, do you think there is any advantage to the custodian in selling the whole area en bloc, or would the custodian have been able to obtain higher prices in the aggregate if he had been allowed to sell

individual parcels? I wonder if there is any great value—any great importance to be attached to the selling en bloc as a consideration to be taken into account in dealing with the offer of the Veterans' Land Act administration?—A. I would assume that this might have happened, that there might have been certain parcels that would have been left on our hands, and as has been previously indicated of the total acreage of these properties only a fraction was usually developed and cultivated; but by and large I think if the properties had been offered individually those that were sold would possibly have realized higher prices but the custodian might have certain properties unsold.

Q. I think we will all agree that other things being equal there is less cost to the vendor if he can sell the whole group en bloc rather than sell individually, but I think you will agree, Mr. Shears, that in the light of subsequent experience better results are obtained when the sales were made in individual parcels. In your last statement of the 43 properties, 41 were sold at prices in advance of the custodian's appraisal and all of them at prices very substantially in advance of the Veterans' Land Act appraisal.—A. Yes, that is true. The only thing is that the V.L.A. offer was on the basis of an offer made in 1943. These properties were sold in 1944 and the early part of 1945.

Q. Yes, I think we are bearing that in mind. That is why I point out the relevance of the date of the appraisal made by the custodian himself, and that was a very substantial advance. Now, what was your experience, your comparable experience with the sale of other properties elsewhere in British Columbia? I am not speaking now of the urban properties sold in Vancouver; but you had experience with other rural properties, farm properties. How did your experience there with advancing prices, say in 1944, 1945 and 1946, compare with the statement you have just given as to the advances in values in the Fraser Valley area in that period?

MR. GLADSTONE: Does your statement preceding that mean that in your opinion the lands ought not to be sold until later—

MR. FLEMING: No, I have not expressed any opinion; I am getting information. I want to establish the weight to be attached to some of these factors that the witness has set up to explain the very great discrepancy in the third statement we got this morning.

MR. GLADSTONE: I got the inference that you think they ought not to have been sold until later.

MR. FLEMING: No, I did not say that. You will hear my conclusions when I have heard all the evidence.

THE WITNESS: The other properties, sir, were offered for sale—the first offer was the 19th of June, 1943, and the second group of lands was offered the 1st of September, 1943, and the third group on the 30th of March, 1944. That is the list. And the custodian made appraisals just prior to those dates covering the properties that he was offering for sale. There were after that date in 1945 considerable increases in real estate values which continued up until the end of 1946.

*By Mr. Fleming:*

Q. Now, you have indicated that in the case of each of these sales in other areas, rural properties, the valuation by the custodian's office was made at the time of sale.—A. Approximately at the time of sale.

Q. You have not got earlier valuations to compare that would indicate any trend in prices according to the custodian's book valuations?—A. No, I have not. The appraisal was made prior to the properties being offered for sale.



Q. Did you get any information from competent persons in British Columbia as to advancing prices in those years?—A. I think it can be stated that those sales—it is an accepted fact that real estate prices continued to advance and have advanced very much as the years progressed.

Q. We were trying to get at the rate. Someone in the committee said this morning something about 100 per cent. I think it will be news to a great many that the valuation of farm properties advanced 100 per cent. You would not go that far?—A. Oh, no.

Q. In the period 1943 to 1945—1945-46 there was not any advance like 100 per cent in the value of farm properties.

Mr. CRUICKSHANK: What date?

Mr. FLEMING: 1944, 1945 and 1946. The order in council was made in June, 1942. The valuation made by the Veterans' Land Act administration was made sometime between that and May, 1943—we do not know exactly when that period was. I suppose it is fair to say it may have been made in the spring of 1943.

Mr. CRUICKSHANK: The difference between the value under the Veterans' Land Act and the present date of 1945?

Mr. FLEMING: We are trying to get a basis of comparison with the values that were obtained on sale of these properties in 1943. Eighteen were sold in 1944; seventeen in 1945 and just six in 1946. Now, we are trying to get the basis of comparison of the valuation made by V.L.A. in the spring of 1943 with the prices obtained in those sales in about half of 1944 and about half in 1945.

The WITNESS: I am prepared to say that I do not think there was an increase of 100 per cent from the time of 1943 to 1944.

*By Mr. Fleming:*

Q. And 1945?—A. I would still not think it would be 100 per cent. There were some properties, of course, that I believe might have been sold in 1946 where the seller was able to obtain 100 per cent more than had he sold that property in 1942.

Q. There will always be individual cases, but we are dealing with generalities.—A. All I can say is that the trend was upward from 1943 up to the end of 1946. The trend was gradual in 1943 and 1944 and became more accentuated in 1945 and 1946.

Q. Having regard to the fact that the Veterans' Land Act appraisal was made presumably in the spring of 1943 or thereabouts, and about half of these properties were actually sold in 1944 and about half in 1945, is it your opinion that advancing real estate prices in general do not account for an advance of more than 100 per cent between the Veterans' Land Act appraisal and the prices obtained on sale of these properties?—A. I do not think it can all be accounted for by 100 per cent rise in valuations during that period.

*By Mr. Cruickshank:*

Q. How many of those properties were sold by the custodian as farms?—A. They were all farm lands—

Q. I do not agree with that. The list of properties, these 43 properties—  
—A. I cannot tell without looking at the files, but definitely 70 or 80 per cent will be farm lands. There will be some that were not, but they were all farm lands in the Fraser Valley area—village and farm lands.

Q. Why were they withdrawn from sale?—A. They were withdrawn—

Q. I have that list—  
—A. —because at the time of the offer the custodian was not able to give title to those particular properties due to title difficulties.



Mr. CRUICKSHANK: I want to get this straight. With due deference to Mr. Fleming, I cannot follow his line of argument in connection with farm lands in the Fraser Valley.

Mr. FLEMING: I did not have any line of argument.

Mr. CRUICKSHANK: I do not think those were all withdrawn for farm lands. I mentioned a gas station in Mission City. If you could give me a commission, I could sell one for \$15,000 because the gas companies are going around buying these properties.

The WITNESS: That particular property is not on this list.

Mr. CRUICKSHANK: But I presume there are properties such as that. I do know of one property on this list which was sold at Haney to a garage concern. This firm was in a better position to pay a good price than a person would be buying it as farm land.

Mr. JOHNSTON: Which property was that?

Mr. CRUICKSHANK: I could not give you the number.

Mr. JOHNSTON: You said it was on this list.

Mr. CRUICKSHANK: It was withdrawn by the custodian and was certainly not sold by the custodian as farm land. You cannot arrive at farm values by taking into consideration those lands which were withdrawn and were not sold for farm purposes.

*By Mr. Jaenicke:*

Q. I should like to refer to this first document filed. The statement shows 23 parcels withdrawn as having been previously sold by the Japanese?—A. Twenty-six, I think.

Q. Twenty-three on my list.—A. It should be 26 and 43.

Q. They were sold by the Japanese. The Japanese made the deals direct with the purchasers without the intervention of the custodian?—A. I am glad you brought up that point. Kindly have this in mind; the offer included those 26 parcels and, in the land registry office, those properties were still in the name of the Japanese. These Japanese, not recently, probably several years previously, had made agreements for sale.

Q. When were those properties sold?—A. The Japanese had either completed the sale themselves or had already negotiated the sale and therefore, we were not in a position to convey.

Q. Now, the last item, \$23,258 which appears under the heading "V.L.A. offer accepted," that offer was not accepted?—A. It was under that heading but it was not accepted.

Q. Was that the amount which the Japanese received?—A. No, that was the amount which the V.L.A. offered for those 26 parcels.

Q. Did you find out what the price was for those 26 parcels when you found they had been sold?—A. No, we had no reason to make any enquiries. They were not vested in the custodian. They had already been sold.

Q. The purchase price had already been paid in full?—A. It had either been paid in full, or, if it had not been the custodian was only interested in collecting the balance.

Q. In connection with how many of those properties were there any balances left?—A. I would not care to say.

Q. You would not know the price of the farm, the price at which the Japanese sold?—A. I would say our files might indicate, in a few cases, the deal the Japanese had made, but, gentlemen, you may appreciate my position out there. We had no interest in these properties at all. We had no reason to enquire.

Q. Except as to this, whether there was still a balance unpaid?—A. We just accepted the statement of the Japanese who said such and such a person owed a balance of \$500. We collected it, the same as we collected other accounts.

Q. On page 57 of your report, you have an item of income \$503,397.35?—A. What page is that?

Q. Page 57.—A. Yes, I see that.

Q. I presume that represents rentals?—A. The fourth item from the end, real estate income, is rentals.

Q. That is the one I mean.—A. Yes.

Q. Does that include rentals from urban and rural property?—A. That is the total rental, rural and urban.

Q. Could we have a breakdown of that?—A. I cannot give it to you here.

Q. What period does that cover?—A. It covers the period from the date of the evacuation up until the time the properties were sold.

Q. That is approximately 1942-1943?—A. And 1944.

Q. What would be the average period, a year's rental or two years' rental?—A. In dealing with 2,000-odd parcels, I would not care to say what the average would be. It would vary. Some properties may have been sold in the middle of 1943, others were not sold until perhaps 1945.

Q. I realize that, but I thought you might be able to give an opinion as to the average.—A. I think if I give an opinion as to the average time, it might or might not be right and I would prefer not to make a statement.

Q. Could you give us a breakdown of the figure, \$503,000? Could you get it?—A. By going through the 2,500 files we could give it to you.

Q. I did not mean that.—A. That would be the only possible way to do it. We have the total revenues from all our properties, \$503,000, but a breakdown could be given to you. It is just a matter of bookkeeping and accounting; it could be done.

Q. Would you not keep the urban and rural properties separate in your books?—A. No.

*By Mr. Boucher:*

Q. Bearing in mind the valuations of the farm properties as given by the VLA were much below the assessed values of them, bearing in mind also that on the properties which were withdrawn from sale to the VLA, a considerable increase in price over those valuations was had, and bearing in mind that you had some means of ascertaining the prices received by the Japanese who, themselves, sold their properties, was any attempt made at the time to obtain independent valuers to give a more satisfactory valuation or appraisal of the property? I say that by virtue of some experience the government had in buying airports when the government relied very substantially on valuers from the Canadian National Railways or the Canadian Pacific Railway who had experience in valuing land of this kind. I say that, also, in view of the fact that the facts revealed to us would indicate or might indicate to some, at least, there was a difficulty in getting a proper appraisal of this land and that the circumstances revealed to the custodian would indicate or might indicate the valuations he had received or appraisals he had received were not such as could be relied upon. My question is, therefore, was there not sufficient evidence in the custodian's hands to require him to ask for a better appraisal before selling even to the VLA? What attempt was made to get that better appraisal?—A. At the time of the offer there was no information in the hands of the custodian relative to prices. As I have previously indicated, the advisory committee considered the matter and it was their opinion that the valuation on which they were basing their negotiations was a sound one. It had been made by qualified appraisers of the Soldier Settlement Board of Canada who had been actively

engaged in valuing land for government purposes for a considerable number of years. The committee accepted that appraisal as a sound basis upon which to carry on negotiations. The only indication of any change was in the 17 spot valuations which were made and I have read Judge Whiteside's letter in which he referred to that.

Q. You think the fact that the valuation was very substantially below the assessment valuation and that the valuation was very substantially below the prices received for properties withdrawn from the VLA was not sufficient to have you enquire into the prices received by the Japanese who sold their own property?

*By Mr. Stewart:*

Q. Could the witness tell us when the offer was received from the Soldier Settlement appraisal—

*By Mr. Boucher:*

Q. I do not think the witness answered my question. Do you think those facts were not sufficient to cast any doubt on the efficiency of the VLA valuation?—A. I can only repeat that the negotiations for these deals took place between the regional committee of the VLA and the advisory committee for the custodian. I have indicated all the facts which were placed before those committees and the correspondence which took place as well as the recommendation of the advisory committee and the acceptance of the offer by the Department of the Secretary of State. Those are all the relative facts I can give to you.

Q. That does not answer my question. Should not those relative facts, in your opinion, have cast some suspicion upon the efficiency of the valuation?—A. The only possibility would be in regard to the 17 spot valuations. At that time, the custodian had no information at all in regard to the values, or whether the Soldier Settlement valuation was correct. He had no possibility of knowing whether that was a fact or not.

*By Mr. Golding:*

Q. As a matter of fact, if you had sold those properties for a much higher price, the soldiers and returned men would, of necessity, have had to pay more for their property when they bought it?—A. I am sorry, I did not hear that.

Q. If you had sold those properties for a much higher price than the V.L.A. put on them, then, in turn, the returned men purchasing those properties would have to pay much more for them?—A. That, of course, would be a matter outside of my department, but I think that would likely be true. So far as these particular deals are concerned, gentlemen, I think it has been stated, but I must repeat it, these particular deals were negotiated on behalf of the custodian by the advisory committee under Judge Whiteside and the regional committee of the V.L.A. The consideration of it and the recommendation for its acceptance was entirely in the hands of the advisory committee.

*By Mr. Burton:*

Q. Would your department know, in connection with those 43 parcels which were sold, how many ex-service men bought those properties?—A. We have no information regarding that at all.

Q. In connection with the sales, while you have mentioned before that the highest offer was accepted, you had no ruling or regulation that, all other things being equal, the returned men would get the preference?—A. If, by any chance, we had somewhat similar offers, and one was from a returned man, I think,



undoubtedly, the returned man would have been given the preference. At the time those properties were sold, by and large, we did not have offers from returned men. It was the general public who bid for them.

Q. You do not know whether there were any returned men who took advantage of the sale of the 43 properties?—A. I am not positive; I would say no.

*By Mr. Fleming:*

Q. There was no regulation giving veterans a priority in such cases?—A. No.

*By Mr. Stewart:*

Q. I should like to make enquiry in connection with 768 parcels for which an offer was received in May of 1943. For the most of May, 1943, there was a Japanese representative on the advisory committee? Did Mr. Yamaga resign because of this offer, or did he have any comment to make on that offer?—A. Mr. Yamaga was not at the meeting when the offer was finally considered and the advisory committee made its recommendation. He had resigned previous to that.

Q. Was he at the meetings when this matter was under consideration?—A. Oh yes, decidedly. He was at the meeting when the first offer was received and he was agreeable, in principle, to the sale of these lands. Mr. Yamaga farmed in that area for 35 years. He told the committee friends of his had written indicating that they thought deterioration would be taking place in regard to their farms. Mr. Yamaga told the committee he was convinced by and large, the best interests of the Japanese would be served by the liquidation of these properties.

The policy of liquidation was agreed upon by all the members of the committee. The only thing about which Mr. Yamaga hesitated was, I think his expression was, "I hope that adequate prices will be obtained." The answer to that was that adequate prices would be obtained because the valuation of the Soldier Settlement Board which was considered as sound, and would be the basis of the negotiations.

Q. Did Mr. Yamaga believe adequate and proper prices were paid?—A. As I have said, he was not there when the final deal was made.

Q. He merely approved of the principle of selling these properties?—A. He approved of the principle of selling the properties.

Q. He had no opportunity of approving the prices?—A. He had resigned before the deal was consummated.

Q. Had he anything to say at any time about the appraisal?—A. I do not think he did. I can say he was quite agreeable to the principle but did not have anything, so far as I recollect to say in regard to the actual deal.

Q. Were minutes of the meetings kept?—A. Yes.

Q. Could those be produced, Mr. Chairman?

The Acting CHAIRMAN: I am entirely in the hands of the committee. If the committee thinks it would be of any advantage to have those minutes, it is for the committee to say. I do not see the necessity for producing the minutes because the witness has said the gentleman was not present when the deal was consummated.

Mr. STEWART: There might be something of importance contained in those minutes had Mr. Yamaga, at any time, signified his approval of the valuation which was offered.

Mr. FLEMING: I would support Mr. Stewart in that connection. After all, we have been told about some of the things which were done by that committee in the course of its deliberations, and we have had some of the correspondence



which had a place in the eventual consummation of the agreement. Now, it seems to me the committee is entitled to the production of all the correspondence and entitled to the production of all the minutes. Nothing may come of it. After we have perused these documents we may be satisfied there is nothing which requires further questioning. However, I would strongly urge the committee is entitled to the production of all those records.

The Acting CHAIRMAN: I am entirely in the hands of the committee on the matter. If the committee thinks such documents should be made available to it, it is for the committee to say.

Mr. STEWART: I would move that such minutes be filed.

The Acting CHAIRMAN: In that case, I ask the witness to be good enough to bring those documents here for the committee.

The WITNESS: If that is your wish, I will have to send to Vancouver for them. I have not copies here.

The Acting CHAIRMAN: Does the honourable gentleman insist that the witness produce these documents himself, or that such documents be filed by some official of the department?

Mr. STEWART: All I ask is that they be made available to the committee as rapidly as possible.

The Acting CHAIRMAN: It is agreed, then, that the witness will secure these documents and will have them produced for the committee.

Mr. FLEMING: It might be a proper occasion to put forward a motion that the balance of the correspondence relating to the sale of the Fraser Valley farm lands to the Veterans' Land Act administration be also produced. I ask that it be made available to the committee. If there is nothing contained in it which requires to be brought before the committee, then we need not take up the time of the committee with it, but, for my part, I would be willing to facilitate the despatch of the committee's business by looking these documents over if they are made available. If there is no particular relevance in them, then I certainly will not trouble the committee or take up its time with them.

The Acting CHAIRMAN: Would you prepare a motion to that effect?

Mr. FLEMING: I have just made it a motion that the balance of the correspondence relating to the sale of the Fraser Valley lands to the Veterans' Land Act administration be made available to the committee.

Mr. CRUICKSHANK: You should have the words "Fraser Valley Japanese land" in that motion.

Mr. FLEMING: That is all we have been speaking about.

Mr. CRUICKSHANK: Make it Japanese land. I do not think it is any business of any Toronto member at the next campaign to discuss what was sold privately. This is only Japanese land.

Mr. FLEMING: Obviously, Mr. Chairman, the motion has reference to any lands which were the subject of correspondence between the custodian's office or the advisory committee and the Veterans' Land Act administration. Now, they started, if I remember correctly, corresponding about 768 parcels. The sale which was consummated embraced 741 parcels, so we want the correspondence bearing on all these properties.

Mr. CRUICKSHANK: I am not objecting to that, but there may have been some other lands purchased by the Soldier Settlement, I do not know whether there was or not, in the Fraser Valley. It is not the business of this committee to consider such purchases.

Mr. FLEMING: We are dealing with those which were under the administration of the custodian of enemy property.

The Acting CHAIRMAN: I think Mr. Fleming has referred to those which were sold through the custodian.

Mr. FLEMING: To all those which were vested in the custodian of enemy property.

Mr. CRUICKSHANK: Of enemy property?

Mr. FLEMING: Yes.

The Acting CHAIRMAN: Does the committee agree to the motion?  
Agreed.

Mr. STEWART: Will that motion be wide enough to include not only the advisory committee on rural properties, but also the advisory committee on the greater Vancouver properties?

The WITNESS: The advisory committee on greater Vancouver properties would have no bearing on this particular deal. They had no negotiations. Judge Whiteside's committee was purely a rural committee.

The Acting CHAIRMAN: The committee has agreed to the motion. Are there any other questions?

Mr. CRUICKSHANK: I am not trying to stick up for the Fraser Valley at all, but if you are going to take in any part, why not take in Vancouver and all the area. There are farms in Victoria, for instance. There are some would-be lawyers with property in the city of Vancouver, and I want to know how they came off in dealing with that property.

Mr. FLEMING: I do not know whether Mr. Cruickshank is asking me why I did not make the scope of the motion broader, but the reason is we have been dealing, in the questions this morning, with the sale of Fraser Valley properties. We have not, yet, come to the sale of the other properties. I assume, if the records which are made available to the committee at that time are not complete, we shall ask for the balance of the records in connection with these properties.

Mr. CRUICKSHANK: You must expect us to be here until September or October.

Mr. FLEMING: I hope I am not here then. It is quite open to any member of the committee to enlarge the motion.

The Acting CHAIRMAN: If Mr. Cruickshank cares to move that the other correspondence in connection with the greater Vancouver area be produced, I have no objection at all.

Mr. CRUICKSHANK: I was trying to speed matters up. We will receive this correspondence in about a week, then the week after that if we are to send to Vancouver for another batch of correspondence, it will drag our work out. I was just trying to get it all at once.

Mr. FLEMING: Could we not get it by air mail? We do not have to wait a week.

The WITNESS: We could have the minutes sent by air mail. If you are going to make any suggestion with regard to the minutes of the committee for the greater Vancouver properties, I do not think I am in a position to assure you anything can be sent. The set-up of the committees was quite different. In the case of the committee on rural properties, I was asked by Judge Whiteside, always to be present at their meetings. I was always there. The minutes of these meetings were written up. In regard to the meetings of the greater Vancouver committee, I was only there on a few occasions when I was specially asked to be present. I submitted the offers as they were received and all the available information, such as appraisals, offers and rentals and received from that committee, through its secretary, either their acceptance or otherwise. I do not know what records you could obtain from that particular advisory committee.

I have not their minutes. I do have a copy of the minutes of the rural advisory committee, as I have said. Very definitely those minutes or those records of the greater Vancouver committee would have no bearing at all on this matter with which you are now dealing.

Mr. FLEMING: There is, perhaps, one other point which ought to be cleared up as a result of Mr. Cruickshank's observation. Was there, Mr. Shears, any correspondence with the Veterans' Land Act or with the department of the Secretary of State concerning sales of these other rural properties or the Vancouver property? As I understand it, there was not any correspondence dealing substantially with those sales.

The WITNESS: None at all.

*By Mr. Fleming:*

Q. After all, the only correspondence to which the Veterans' Land Act was a party or the Secretary of State was a party, was in connection with the sale of the 741 properties to the Veterans' Land Act?—A. Yes. I was asked a question once before as to how many properties were not in the Fraser Valley and I said 20 or 30. I think the exact number is 30 and they were on Vancouver Island or the Gulf Islands. So, in this connection, there were 710 in the Fraser Valley and 30 or 31 were possibly in other areas.

The Acting CHAIRMAN: Is that all, gentlemen?

Mr. FLEMING: Yes, on that point.

The Acting CHAIRMAN: The motion was made and carried that the correspondence exchanged in connection with the sale of the 741 properties by the custodian would be made available. So far as the rest is concerned, the other properties, if there is no other correspondence of interest to the committee, I see no necessity for insisting on that point.

Mr. FLEMING: The correspondence with the committee will include the 31 properties on Vancouver Island, they were not differentiated, but we were dealing with the properties which were the subject of the offers from the Veterans' Land Act, the most of which were in the Fraser Valley but some on Vancouver Island.

The witness had another statement he wished to make on another matter, did he not?

The Acting CHAIRMAN: The witness has a statement to make on another matter relating to his previous testimony at the last sitting of the committee. I shall ask him to make that statement now, if he so desires.

The WITNESS: This is in connection with Naoichi Karatsu, custodian's file 8666. I was asked to secure some information regarding this person. I have prepared a statement, but I should like to say this first.

At the last committee meeting, in answer to a question, I said this:

I would say this, too, it will be without doubt possible for you to introduce some cases along the line of that which has now been indicated, but there will be thousands where you will not find the same situation.

I have read in the *Toronto Globe*, that I said,

There are thousands of cases where you will find this is the situation. This is so directly opposite to what I said, that I just wanted to make that fact plain and I will be happy to see some correction made in the newspaper regarding this matter. This article says,

Mr. Shears admitted this was quite a typical case but added there are thousands of cases where you will find this is the situation.

As I quoted my evidence I said,



It will be, without doubt, possible for you to introduce some cases along the line of that which has now been indicated, but there will be thousands where you will not find the same situation.

I just wanted to make that correction.

Then, in connection with this particular matter, Karatsu left his property—rather, he registered his property with the custodian on the 8th day of May, 1942. In connection with the registration he made a statement of his personal property which was as follows:—

Chesterfield, chairs, carpenter's tools, kitchen utensils, two beds, farm tools and implements, one bureau, gramophone, galvanized chain, flower covering, fishing gear and coil of  $\frac{1}{2}$  inch cotton rope.

This was his declaration on the 8th of May, 1942. It is evident Karatsu was not evacuated until some months later. He was at Hastings Park in Vancouver on the 8th day of September, 1942, and, just about that time he was being moved away and he made an additional registration which reads as follows: There are 23 items.

- 3 mahogany planks
- 1 boat box of supplies
- 1 large box of school supplies
- 14 pieces of glass
- A package of school books
- 3 steel bed springs
- 1 chesterfield chair
- 2 mattresses
- 1 willow patterned platter
- 3 boxes of Mason jars and caps
- 1 basket of kitchen utensils
- 2 packages of paste
- Gramophone and records
- 2 double beds, iron
- A rice bowl
- 1 5-gallon crock
- 4 kitchen chairs
- 1 stool
- 2 pieces linoleum
- 2 rubber mats
- 1 office file
- 1 bed spring
- 1 iron kettle.

That is what I would like you to have in mind just for the moment. At that time his place was under lease by an arrangement made as of the 1st of May, 1942, for the following nine months to a Mr. Bernard Ryan. Mr. Bernard Ryan together with Mr. Karatsu signed a document which reads: This affidavit made in duplicate is a certified agreement between both parties that inclusive with the farm lands the lessee shall have the use of the miscellaneous farm tools and household effects until the termination of the lease. The twenty-three items are listed down and the document is signed by Mr. Bernard Ryan and Mr. Karatsu. That was on September 8, 1942. Then on September 12, 1942, Mr. Karatsu was vacuated to Sanden. During September of 1942 this particular property became vacant and it remained vacant until March, 1943, a period of about seven months. Shortly after it became vacant, on October 28, our field men went to this particular farmhouse and inventoried what was found there.



Everything which appeared on Mr. Karatsu's list at that time, October 28, 1942, was there. I wonder if that list which was presented to me at the last meeting is here and could I see it?

Everything on Karatsu's list was there plus a large number of other items which had not been mentioned at all in the file up to that time. There were thirty or forty additional articles. A copy of a list containing those was mailed to Mr. Karatsu at Sanden and he was asked if this was a complete list and he sent it back, signed as being correct. There is nothing in our files or any suggestion there of anything over the twenty-three items which Karatsu listed himself until the additional items were added by our field men. The statement was made at the last meeting that the Japanese considered that the articles were worth \$700 odd and as I pointed out then this was the owner's valuation which he supplied as a value for these items. It is a fact that on March 4, 1947, Karatsu complained about the sale and he thought then the articles might be worth approximately \$500. As I say, after October 28, this property remained vacant until March, 1942. The property was boarded up. It was in an isolated position at the end of the 19th road and our file indicates that it was an easy mark for vandalism. I would say that my field staff showed great zeal when the inventory took place, because they certainly went the limit. They had added thirty items which, when our own men came to have them auctioned, were found to be of no value and they were abandoned. Those items were:—

- 1 poor umbrella
- 4 shallow empty boxes
- 3 sheets brass wire
- 10 bundles books
- 1 pair gum boots
- 3 lengths stove pipe
- 1 gas lamp shade
- 4 posts 2 x 2 6' long
- 1 lamp base (cracked)
- 1 box old clothes
- 4 hats
- 1 candy pail
- 5 pounds grease paper
- 1 chest drawers (no drawers)
- 2 small home-made tables
- 2 wooden bowls
- 1 home-made bed
- 1 sea shell ash tray
- 1 small piece kitchen linoleum
- Japanese decorations on wall
- Magazines by tons
- 5 window blinds
- 2 pails
- 1 lid for 5-gallon crock
- 1 bag brass wire
- 4 Japanese calendar pictures
- 1 food cupboard.

Now our field men listed all those things and it made an imposing list of thirty extra items but they were items which, at a later date, were just abandoned by our own men when they came to move them for auction. There are also

goods which are unaccounted for most of which were not on the original list of twenty-three but were on the list which our own field men made. These items were unaccounted for:

- 3 mahogany planks
- 1 box school supplies
- 2 boxes glass
- 1 parcel-dragon kite
- 1 willow pattern platter
- 3 boxes mason jars
- 2 double bedsteads (iron)
- 1 five gal. crock
- 1 piano stool
- 4 chairs
- 2 rubber mats
- 1 office file
- 1 iron kettle
- 1 box boat supplies
- Ship's compass
- Water pump
- Steering wheel
- Fog horn
- Tin shears
- Small vise
- Fishing tackle
- Pipe fittings
- Brass odds and ends
- Nuts and bolts
- 1 gas iron (with fish line)
- 1 box loose books
- 4 bundles lumber
- 1 roast tin
- 10 cups
- 4 bowls
- 3 salers
- 2 Japanese flash lights
- 3 small Xmas. decorations
- 1 eight foot belt
- 1 large funnel
- 1 crock bowl
- 2 bake pans
- 1 canvas life preserver
- 1 large hammer
- 3 deep sea fishing lures
- 1 sad iron
- 4 pictures
- 1 gal. candy jar
- 1 Japanese tub full miscellaneous articles
- 1 metal box
- 1 wedge.

The point is this. Of a total of about eighty items, only fifteen were actually sold. Three items were shipped; thirty were abandoned, and we have lost track of those others, the last group that I have read.

Now gentlemen, I am not a valuator and have not looked at Karatsus valuations set opposite that list but from the items which I have read I would doubt very much at this time, whether, by any conceivable stretch of the

imagination you could make such goods value up to \$700 or even \$500. One item which I think might have some value is that contained in the box of boat supplies. The ship's compass, however, is one of that little type which they use in their fishing boats and which can be bought for \$3 or \$4 or \$5. In addition there was the water pump, steering wheel, fog horn, tin shears, small vise, fishing tackle, pipe fittings, brass odds and ends, nuts and bolts. On the face of it, those are the items and there is the story. The Japanese declared twenty-three items of which fifteen have been sold and the others have not been accounted for. The list is largely made up of numerous small items which our own field men have listed. There is a list of those abandoned and others were taken by vandals before the property was again rented in March, 1943. I think that is perhaps all that I wish to state in respect of this matter.

Mr. JAENICKE: Mr. Chairman, after hearing Mr. Shears and his explanation of the matter I may say that, as I indicated at the last hearing when I presented the case, Mr. Shears had already told us there was vandalism and theft and things of that nature going on and I fully appreciate the difficulties which he and his men had. He has given us the particulars as to what Mr. Karatsu had when the articles were listed and then they were later listed and I presume the list I produced was the list that was made by an official of your office. As I said at the last meeting I think the members ought to be able to judge for themselves. I move that this list and the latter statements be printed in the proceedings so that the members may form their own conclusions, keeping in mind the explanations made by Mr. Shears.

Agreed.

The Acting CHAIRMAN: Well, gentlemen, if there are no other questions of the witness could we discuss the adjournment?

Mr. FLEMING: I have a number of questions on other matters arising out of this original testimony.

The Acting CHAIRMAN: Well, will you go ahead now.

*By Mr. Fleming:*

Q. Mr. Shears, did the custodian have some responsibility for these assets from the very beginning? You referred at the outset of your testimony to the first order in council, No. 9590, dated December 7, 1941, vesting property of Japanese occupying or holding territory, in the custodian.—A. What number?

Q. The first was 9590; and then we go down to order in council No. 469, of January 1942, that was the one that established the protected area in British Columbia; and then in February 1942 there is the government notice requiring enemy aliens to leave the protected area; and then comes order in council 1665 of March 4, 1942 establishing the British Columbia Securities Commission with power to remove Japanese. There are subsequent orders; the registration of Japanese on March 13, 1942 by order in council 2483, and March 27, 1942 number 5523 and so on. Now, has there been at any time any administration in Canada of property in Canada of persons of the Japanese race by anyone apart from the custodian? Has there been any other administration of their property?—A. As far as evacuees were concerned nothing was vested or came into our hands before P.C. 1665 which was amended by P.C. 2483, and with regard to liquidation, by order in Council 469. With regard to evacuees' property, this became vested in the custodian, if the Japanese registered his property with the custodian before he was evacuated, or it was automatically vested upon his evacuation. The only Japanese properties which the custodian dealt with prior to P.C. 1665 was the property of Enemy Japanese.

Q. Now I take it that there is no other government official or government department or government body that was responsible for administration until the custodian of enemy property took over under these orders in council.



Doctor COLEMAN: May I have your permission to answer Mr. Chairman? I think I can answer a little better than Mr. Shears. He was not in the office at that time. I think you will find if you will look up the record that early in February, if not before, early in 1942, I issued certain orders affecting people of the Japanese race requiring them to turn in radios, motor cars, and I recollect they were supposed to be turned over to the police officers. I, myself, after the policy of evacuation was announced in February, the latter part of February, after consulting Mr. McLarty, then the custodian, proceeded to Vancouver very early in the month of March 1942. I would have to look up my diary but I am sure I arrived there on the 9th of March and that was just four days before registration began. Now at that time there were certain preliminary security measures taken requiring the people of the Japanese race living in the coastal areas to turn into the R.C.M.P., or persons designated by them, certain equipment which was regarded as dangerous if left in their hands. The articles I remember particularly are radios, cameras, firearms, and motor cars. With those, the custodian, as such, had nothing to do. I also discovered when I reached Vancouver in 1942, early in March 1942, that it was reported, and I could only go by what I was told by people there, that there were a number of persons of the Japanese race who had been anticipating the order of evacuation and had, in many cases, disposed of their chattels. Some of those chattels were probably disposed of at a very improvident price. One of the purposes or one of the reasons for getting them to register, in addition to the danger lying in their retention of the chattels, was to afford a certain measure of protection to them. I arrived in Vancouver realizing there was a large number of very small and petty businesses conducted by the Japanese people which eventually would have to be closed up. I called a meeting of all of the licensed trustees under the Bankruptcy Act in Vancouver, and assembled them in the Hotel Vancouver. I told them of this rather formidable task which was confronting the custodian for which, at the moment, he had to improvise a staff and I requested their co-operation. I might say that co-operation was very widely extended. From memory I said that I arrived in Vancouver on March 9, and I find here that I held a meeting on the 10th of March at which every licensed trustee in bankruptcy for the area attended. There was a large number of gentlemen present and they agreed to give assistance to the custodian's staff, more particularly in relation to these very small businesses. Those gentlemen did, I believe, contribute very substantially in the way of advice and help in handling this situation. The custodian as such, however, had nothing to do with these motor vehicles, cameras, radio receiving sets, etc., which were turned over to the police under orders, which were all matters of record.

Mr. FLEMING: All other assets apart from those were vested in the custodian?

The WITNESS: Yes.

Mr. STEWART: Might I ask what happened to these radios and automobiles?

The WITNESS: In line with what you are asking, we did sell the radios. They were turned over to us. They were taken possession of by the R.C.M.P. and were turned over by the R.C.M.P. to the custodian who disposed of them along with the other effects of the Japanese.

*By Mr. Fleming:*

Q. And was that done in the same manner as the other chattels were disposed of?—A. Precisely the same procedure was followed.

Q. Was the basis of the valuation and sale the same as you have referred to in your opening testimony about the other chattels?—A. Identical. We sold them by public auction.



Q. I think you have made it clear, but I just want to clarify this additional feature. All sales made at any time by the custodian, whether real estate, chattels, or other forms of property were in all cases sold for cash?—A. Excuse me, I am sorry if I have left that impression. The greater Vancouver property was sold for cash. With respect to rural properties outside of the sale to the Veterans' Land Act, the committee did agree that in certain cases properties could be sold with a substantial cash payment, at least fifty per cent, and limited terms would be allowed. Payment in full was to be made within two years at five per cent interest. There were quite a number of properties sold on that basis but all of those properties now, with the exception of perhaps half a dozen, have been fully paid off because the terms were short. It was a substantial cash payment and the terms were not more than two years. There were quite a number of rural properties sold on that basis but there was no urban property sold in that manner.

*By Mr. Jaenicke:*

Q. That would be those on the third sheet?—A. No, those were just the forty-three which were withdrawn from the Veterans' Land Act, but we had four or five hundred other properties outside of Greater Vancouver.

Q. They were all sold for cash?—A. You are speaking of the Veterans' Land Act deal and the question now is on other deals and I am saying the greater Vancouver properties were sold for cash but the other properties, the other 400 odd, were sold in some cases on terms.

*By Mr. Fleming:*

Q. The question was a little different I think. Were those 43 properties referred to in the third list this morning sold for cash?—A. Not of necessity. They were rural properties and some of them may have been sold on terms.

Q. Was there any variety in those terms or was the proposition always in the same form, either cash, or at least 50 per cent cash and two years with 5 per cent interest?—A. That was it.

Q. And these credit terms were not given in the case of the sale of chattels?—A. No, no.

Q. Only real estate?—A. Yes.

Q. Dealing with the basis of the valuation of the other properties, and here we get away entirely from this sale to the Veterans' Land Act, you have indicated that there was a valuation made at the time of the sale. Does that apply generally to all the real estate in the hands of the custodian, greater Vancouver, and the rural areas, excluding of course that land sold to the Veterans' Land Act administration?—A. Yes, appraisals were made somewhat prior to the time that they were offered for sale by our department.

Q. Well on page 55 of the report I see these figures. The sale of 466 properties in greater Vancouver were appraised by your office, on page 55.—A. Yes.

Q. Appraised by your office at \$915,600 and sold at \$1,004,785.—A. That is correct, yes.

Q. The sales there netted about ten per cent in excess of your appraisal?—A. Yes.

Q. And those appraisals were made within a reasonable period prior to the sale so that the appraisal was strictly relative to the sale?—A. Definitely.

Q. And now, in connection with the other rural properties, excluding the 741, your appraisal was \$529,146.25 and the sale yielded \$570,244.—A. That is correct.

Q. That is eight per cent in advance of the appraisal?—A. Yes.

Q. And your remarks about the time of the appraisal would apply to those properties also?—A. Yes. The appraisal would be within a few months prior to that.

Q. Now when you had the appraisals made, you referred to the fact that you selected a number of leading experts in real estate values. Were those experts located first, the group in greater Vancouver and then the rural properties, in the respective areas?—A. Yes.

Q. Now did you spread those around in order to have a good cross-section of opinion in your appraisals?—A. Yes, I would say so. You will remember that I mentioned the appraisers were suggested to us by the real estate board of Vancouver and the real estate board of Victoria. That is, those boards stated certain people might be available and also qualified to make appraisals. In the greater Vancouver area there were just six real estate appraisers used. I could not give you the number in the rural areas because that was a large number. If we were dealing in Nanaimo it would be a real estate agent at Nanaimo who would make the appraisal and if it were at Cumberland it would be a Cumberland man. The men who made the appraisal had knowledge of the district in which they were appraising.

Q. I had intended to ask you how many men actually made appraisals for you in those two groups, first of all, the greater Vancouver group?—A. I could give you that, there were six appraisers.

Q. Any two on the same property?—A. In a few cases that was done. If there appeared to the committee to be any particular reason why any appraisal might be challenged we had another appraisal made or perhaps two appraisers went together but that was not the usual procedure.

Q. When you spoke of making the sale at the appraised value, which valuation would you take in those cases where you had the check valuation made?—A. It was submitted to the advisory committee and, usually, the reason for having another valuation would be this. Supposing the valuation was \$3,000 and we called for tenders and the tenders that were received indicated that nobody wanted to pay more than \$2,300. In that case the committee would say they would have another appraisal made. Assuming that the other appraisal came back and was a little less than the first appraisal, the committee would compromise and take the average between the two.

Q. But it was based on the valuation?—A. It was based on the valuation, yes.

Q. Now, continuing on to another subject entirely. Are you in a position to make any estimate of the losses by theft and vandalism?—A. No, I do not think I am. I would like the committee to have in mind, that as I have described, there was a considerable amount of theft and vandalism. That is quite true and we cannot get away from it. However, I do not want the committee to feel that the major portion of the Japanese goods disappeared in that way. In some areas and in some places a particular Japanese may have been unfortunately in the position of having a large amount of his stuff pilfered but in other cases none, or very little disappeared. I would not care to give an overall estimate in dollars and cents. That is what you are thinking of?

Q. Well, some approximation.—A. No, I do not think I would care to.

*By Mr. Johnston:*

Q. Was there any protection, when you took over the property, to look after it and prevent that sort of thing?—A. As I indicated we had 8,000 units of chattels and they were spread around the whole of the protected area. We did have co-operation from the police and we had our own policemen in one location.

Q. How many would you have of your own police?—A. We only had one employed by ourselves and that was at the request of the local police at Steveston. Then we had night patrols in Vancouver.

Q. How many patrols did you have?—A. Just one night patrol.

Q. Consisting of one man?—A. It was Wilson's night patrol and whether they employed more than one I do not know but they made regular inspections at stated and irregular hours. They operated in the same fashion as a night patrol usually operates.

*By Mr. Fleming:*

Q. Do you attach responsibility to anyone in connection with these losses by theft and vandalism? Are there any cases where the local authorities did not measure up to their responsibilities?—A. Just what is that?

Q. Can you place responsibility for theft and vandalism on anyone?—A. No, we cannot. The police informed us on different occasions that places had been broken into. Their conclusion usually was that it was juvenile delinquents who were the cause of it.

Mr. CASE: Was there any action or any criminal proceedings taken against anyone?

The WITNESS: Not at all.

The Acting CHAIRMAN: Gentlemen, it is now after 1.00 o'clock and I would ask your opinion as to the next sitting. I would say that to-morrow there are a great number of committees sitting, six committees as a matter of fact, in the morning and two in the afternoon. I do not know if you feel that we should sit this afternoon instead of to-morrow morning because of that fact. I leave it entirely up to the committee to decide.

Mr. STEWART: Could the steering committee get together on this?

The Acting CHAIRMAN: In other words we will adjourn to the call of the chair?

Mr. FLEMING: Well, had we not better leave the meeting stand as arranged. I understand it is on the list for to-morrow. After all, Mr. Shears wants to get back to Vancouver sometime. However, perhaps he likes it so well down here he will want to stay.

The Acting CHAIRMAN: Well we will adjourn until 11.30 o'clock to-morrow morning.

The meeting adjourned at 1.05 p.m. to meet again to-morrow morning, May 13, at 11.00 o'clock.



## APPENDIX "A"

P.C. 5523

### AT THE GOVERNMENT HOUSE AT OTTAWA

MONDAY, the 29th day of June, 1942.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL:

Whereas the Minister of Mines and Resources and the Minister of Pensions and National Health report that persons of the Japanese race ordinarily resident in the protected areas of British Columbia have been required by Orders of the Minister of Justice, under Regulation 4 of the Defence of Canada Regulations (Consolidation) 1941, to leave such protected areas;

That many such persons of the Japanese race were or are engaged in agriculture and have been or shall be compelled to abandon farming operations on land owned by them or by companies which they control;

That it is in the public interest to ascertain the actual number of such Japanese farms, to carry out an appraisalment of their fair present day value, and to consolidate the control of the disposition of these lands by sale, lease, or otherwise;

And whereas the Ministers are of the opinion that by reason of the state of war now existing it is advisable for the security of peace, order and welfare of Canada to make provision for the matter aforesaid;

Now, therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Mines and Resources and the Minister of Pensions and National Health and under the authority of the War Measures Act, Chapter 206 of the Revised Statutes of Canada, 1927, is pleased to make the following regulations and they are hereby made and established accordingly:

#### REGULATIONS

1. In these regulations, unless the context otherwise requires:
  - (a) "Director" means the Director of Soldier Settlement of Canada;
  - (b) "Japanese Company" means any corporation of which the majority of the shares issued by it are owned by persons of the Japanese race, or of which the majority of the directors are persons of the Japanese race;
  - (c) "Agricultural land" means land and any real or immovable property and any interest, legal or equitable therein, and the right to possession thereof, situated otherwise than within the boundaries of any incorporated city or town;
  - (d) "Minister" means the Minister of Mines and Resources;
  - (e) "person of the Japanese race" means any person wholly of the Japanese race;
  - (d) "protected area in British Columbia" means any area in the province of British Columbia, now or hereafter declared, pursuant to the provisions of Regulation 4 of the Defence of Canada Regulations (Consolidation) 1941, to be a protected area for the purpose of such Regulation.



2. Except with the approval in writing of the Director and in accordance with any terms or conditions therein set out, no person shall, after the date hereof,

- (i) purchase, lease or otherwise acquire or agree to purchase, lease or otherwise acquire, or
- (ii) either for himself or on behalf of the owner, sell, lease or otherwise dispose of or agree to sell, lease or otherwise dispose of,

any agricultural land in a protected area of British Columbia, owned by any person of the Japanese race or by any Japanese Company.

3. The Director may, in his sole discretion, refuse to approve or approve, either unconditionally or subject to such terms or conditions as to him seem fair and reasonable, the purchase, sale, lease or other acquisition or disposition, or any agreement therefor, of any agricultural land in a protected area of British Columbia owned by any person of the Japanese race or by any Japanese company.

4. The Director shall cause an appraisal to be made of the fair present-day value of all agricultural lands in any protected area of British Columbia owned by persons of the Japanese race or by Japanese companies, and shall report thereon to the Minister.

5. Any person authorized in writing by the Director to act as an inspector under these regulations may, for the purpose of making any appraisal under the last preceding section, or for the purpose of ascertaining whether any person of the Japanese race or any Japanese company is the owner of any agricultural land in a protected area of British Columbia, or for the purpose of determining whether the provisions of these regulations are being or have been complied with,

- (i) enter at all reasonable times and inspect any agricultural land in a protected area of British Columbia, owned by any person of the Japanese race or by any Japanese company, or which is reasonably believed by such inspector to be or to have been owned by any such person or company;
- (ii) examine orally any person occupying or having any interest in agricultural land in a protected area of British Columbia, which is reasonably believed by such inspector to be or to have been owned by a person of the Japanese race or a Japanese company;
- (iii) require any person occupying or having any interest in agricultural land in a protected area of British Columbia, which is reasonably believed by such inspector to be owned by a person of the Japanese race or a Japanese Company, or having in his possession any documents relating to any such land, to furnish any information in his possession or such documents to such inspector.

6. The production by any person of any document purporting to be signed by the Director and purporting to authorize such person to act as an inspector under these regulations, shall be evidence of the authority of such person to act as an inspector.

7. Any person,

- (i) who purchases, leases, or otherwise acquires, or sells, leases or otherwise disposes of or agrees to purchase lease or otherwise acquire, or to sell, lease or otherwise dispose of, any agricultural land in any protected area of British Columbia, owned by any person of the Japanese race or by any Japanese company otherwise than in accordance with these regulations; or
- (ii) who wilfully delays or obstructs an inspector in the exercise of any power conferred upon him under these regulations; or

- (iii) who fails to give any information or to produce any documents in his possession if required to do so under these regulations; or
- (iv) who refuses to reply to any reasonable question asked him by an inspector acting under these regulations,

shall be guilty of an offence and liable, on summary conviction, to a fine not exceeding one thousand dollars or to imprisonment for a period not exceeding six months or to both such fine and such imprisonment.

8. The burden of proof that any purchase, sale, lease or other acquisition or disposition, or any agreement therefor, of any agricultural land in a protected area of British Columbia, is not a violation of any of the provisions of these regulations, shall be upon the accused.

9. Nothing in these regulations shall be deemed to apply to, or to affect enemy property as defined by the CONSOLIDATED REGULATIONS RESPECTING TRADING with the ENEMY (1939).

10. All expenses or costs incurred by the Director in connection with this Order shall be payable out of the moneys appropriated by Parliament to carry out measures deemed necessary in consequence of a state of war.

(Sgd.) A. D. P. HEENEY,  
Clerk of the Privy Council.

## APPENDIX "B"

### LIST MADE BY CUSTODIAN—OWNER'S VALUATION ADDED

File No.: 8666

October 28, 1942.

Name: NAOCHI KARATSU

Registration No.: 12051

Address: 19th Avenue, Whonnock, B.C.

#### Inventory of Chattels Left on Property

Articles	Value	Remarks
3 mahogany planks 1" x 12" x 4'....\$	3.00	
1 large box school supplies.....	5.00	
2 boxes containing 14 pieces glass....	2.50	
1 parcel containing Jap. Dragon kite	2.00	
3 steel bed springs.....	2.00	(2) were sent to Sandon where this man was living upon his request.
2 mattresses .....	8.00	
1 willow pattern platter.....	1.00	
3 boxes Mason jars and caps.....	2.50	
1 basket kitchen utensils.....	4.00	
2 packets wall paste.....	.50	
1 gramophone and records.....	50.00	80 records.
2 double bed steads.....	15.00	
1 rice bowl brass bound.....	1.00	
1 5-gal. crock.....	1.50	
1 piano stool.....	1.00	
3 dining chairs.....	3.00	
1 kitchen chair.....	.50	
2 piece linoleum mats.....	5.00	
2 rubber mats.....	1.00	
1 office file.....	.75	
1 spring bed.....	2.00	
1 iron kettle.....	1.00	

Inventory of Chattels Left on Property—*Con.*

Articles	Value	Remarks
1 large box containing:		
ship's compass.....	18.00	
water pump.....	8.00	
steering wheel.....	2.50	
fog horn.....	1.00	
tin shears.....		
large quantity fishing tackle.....	160.00	Including: 1 good condition high-tension magnet (cost \$80.00); 1 quart water kent coil (cost \$15.00); 1 doz. bearings, \$15.00; 10 sprockets, \$12.00; 12 paint brushes, \$30.00.
small vice.....	2.00	
quantity pipe fittings.....	2.00	
quantity brass odds and ends.....	2.00	
large quantity nuts and bolts.....	1.00	
misc. boat fittings.....	1.00	
large box containing Christmas decorations .....	2.00	
Approx. 6 lbs. sheet lead.....	.75	
5 window blinds.....	1.25	
1 poor umbrella.....		
4 shallow boxes.....	1.00	
1 tool box containing.....	107.50	Fishing gear for commercial purpose. New 200 fathoms stainless trolling wire (cost \$30.00); new, 100 fish hooks for pilchard bait (cost \$7.50); 200 spoon hook for Cohoe trolling (cost \$70.00).
1 carton Christmas decorations.....	1.00	
3 small sheet brass (approx. 2 lbs.)... small quantity wire.....	1.50	
1 box containing:		
2 clocks.....		
thermos bottles.....	1.50	
small quantity dishes.....	2.00	
2 biscuit tins containing 5 pint sealers		
1 wooden tray.....		
10 bundles books tied.....	5.00	
1 pair gum boots.....	1.00	
3 lengths stove pipe.....	.15	
2 lanterns .....	1.00	
1 gas iron.....	1.00	
1 box books.....	1.00	
1 gas lamp shade.....	.15	
4 bundles lumber.....	4.00	
4 posts 2" x 2" tied 6' long.....		
1 lamp base (cracked).....		
1 roast tin containing:		
10 cups.....	1.00	
4 wooden bowls.....		
3 quart sealers.....	.25	
2 pails .....	.50	
1 box old clothes.....		
2 Japanese flashlights.....		
3 small Christmas decorations.....	.50	
1 bag containing brass wire.....	1.00	
4 hats .....		
1 aluminum pulley 10".....	1.00	
1 8' belt.....	2.00	
1 candy pail.....	.25	
4 Japanese calendar pictures.....		
1 large funnel.....	1.00	

Inventory of Chattels Left on Property—*Con.*

Articles	Value	Remarks
1 crockery bowl.....		
2 aluminum pots.....		
2 bake pans.....	.25	
1 canvas life preserver.....	1.00	
1 large ball peen hammer.....		
5 lbs. grease proof paper.....		
3 deep sea fishing lures.....		
1 sad iron.....		

## DOWNSTAIRS

1 chesterfield chair.....		Was sent to owner upon request.
1 chest of drawers (no drawers).....	3.00	
2 small tables (h.m.).....	2.00	
4 pictures and frame.....		
1 food cupboard.....	1.00	
2 wooden bowls (small).....		
1 home made wood bed.....	1.00	
1 gal. candy jar.....		
1 Japanese tub full cont. unknown...		
1 Japanese bowl (2 piece).....		
1 metal box.....		
linoleum on front room.....	2.00	
1 sea shell ash tray.....		
1 wedge .....	.15	
small quantity fishing tackles.....	2.00	
1 pair binoculars (poor).....		
small piece linoleum on kitchen floor	1.00	
few Japanese decorations on wall..		

## BASEMENT

3 shallow boxes.....	
1 lid for 5-gal. crock.....	
small quantity fir wood.....	

This represents all my chattels remaining in any protected area of British Columbia.

Confirmed:

Date: ..... Signed: .....

Please sign and return one copy to the Custodian.

## CANADA

DEPARTMENT OF THE SECRETARY OF STATE  
OFFICE OF THE CUSTODIAN

## JAPANESE EVACUATION SECTION

Phone Pacific 6131  
Please Refer to  
File No. 8666

506 Royal Bank Bldg.,  
Hastings and Granville,  
Vancouver, B.C.

APRIL 25, 1947.

Mr. NAOICHI KARATSU,  
Registration No. 12051,  
Harris Ranch,  
New Denver, B.C.

DEAR SIR,—In reply to your letter of March 15 in which you ask that certain chattels be sent to you, we have to advise that we are unable to ship these articles as some have been sold at auction and others are missing. The books



were badly mildewed and damaged and were discarded as being of no value. We are enclosing an itemized statement of the articles sold at auction and the balance not shown on this sheet were either stolen or damaged and declared of no value.

Referring to your enquiry as to expenses against your boats; these expenses are proportionate charges covering supervision, insurance and survey expenses actually paid out. No office expenses or commission on the sales have been charged.

Your account has now been credited with the sum of \$43.50 representing \$21.75 on each boat covering a transportation claim from Steveston to Tofino. These amounts have been credited as it is understood that you delivered one boat and paid the expenses on the other one on the trip down and return to Tofino. We would appreciate your confirmation that this is correct.

A statement of your account is enclosed and these funds are available to you on request.

Yours truly,

W. E. ANDERSON,  
Farm Department.

WEA:OH

Enc.

Name, Karatsu, Naoichi

Registration No. 12051. File No. 8666.

The following chattles were sold by public auction at Mission, B.C. on March 7 and 14, 1945.

Spring .....	\$ 1.25
2 Springs and bed.....	.35
Kitchen utensils .....	.25
Broken gramophone .....	1.10
Kitchen chair and mat .....	.45
Box fittings and sundries .....	2.25
Fishing tackle and old net .....	1.00
Christmas decorations .....	.35
Box of sundries .....	.50
Lantern .....	.25
Kitchen utensils .....	.60
Aluminum pulley .....	.50
Bowl .....	.60
2 Pots .....	.35
Fish lines and iron .....	.60
Total .....	<u>\$10.40</u>

Less Expenses:	{ Auctioneer's Fee. \$1.04	
	{ Advertising ..... .13	
	{ Moving ..... 2.87	\$ 4.04
Net Proceeds Credited .....		<u>\$ 6.36</u>

Members of Custodian Staff Present: Mr. W. E. Anderson.

Extracted from Auctioneering List No.: Mission 18.

Remarks:

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... Standing Committee, 1947*

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( SESSION 1947 )

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( STANDING COMMITTEE )

( ON )

# ( PUBLIC ACCOUNTS )

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 7

TUESDAY, MAY 13, 1947

WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;  
Mr. F. G. Shears, Director Vancouver Office, and Mr. K. W. Wright,  
Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947





## MINUTES OF PROCEEDINGS

TUESDAY, May 13, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., Mr. Roch Pinard presiding.

*Members present:* Messrs. Burton, Case, Cleaver, Cote (*Verdun*), Cloutier, Cruickshank, Fleming, Fournier (*Maisonneuve-Rosemont*), Gladstone, Golding, Jaenicke, Kirk, Marshall, Pinard, Raymond (*Wright*), Richard (*Gloucester*), Stewart (*Winnipeg North*), Stuart (*Charlotte*), Thatcher.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property; Mr. F. G. Shears, Director of the Vancouver Office, and Mr. K. W. Wright, Counsel.

The Committee resumed its investigation into the administration of the Vancouver Office of the Custodian.

Examination of Mr. Shears was continued.

Mr. Shears answered certain questions put to him at the last meeting regarding the policing of Japanese property.

On motion of Mr. Cruickshank:

*Ordered,* That a copy of a *General Report to the Minister*, dated January 15, 1947, be made available to each member of the Committee.

Mr. Shears undertook to supply the Committee with a breakdown of certain items in the Statement of Receipts and Expenditures, Japanese Evacuation Section, for the period March, 1942 to July 31, 1943.

Mr. Shears tabled *Original Offer of the Director, The Veterans' Land Act, for the Purchase of 769 Parcels of Farm Lands from the Custodian of Enemy Property* and an additional offer for the purchase of 42 parcels, which are printed as *Appendices A and B* to this day's minutes of proceedings and evidence.

Dr. Coleman undertook to furnish the Committee with the audited statement of accounts of the Vancouver office to December 31, 1946, at the earliest opportunity.

At 1.00 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 13, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Acting Chairman, Mr. Roch Pinard, presided.

The Acting CHAIRMAN: Will you come to order gentlemen? As I mentioned yesterday, we will proceed with the same item of business, that is the examination of Mr. Shears. Now as Mr. Fleming mentioned yesterday, Mr. Shears is anxious to go back to Vancouver and I hope the questions will be brief and to the point and that perhaps we will be able to dispose of this this morning. Mr. Shears would like to make a brief statement and I will give him the floor.

**Frank G. Shears, Director of the office of the Custodian, Vancouver, recalled:**

The WITNESS: Mr. Chairman, in reply to a specific question asked by Mr. Johnston yesterday regarding the number of policemen employed by the custodian you will recall that I gave the answer that we employed only one policeman and used one night patrol. That statement is correct as far as it went. We did only have one man who was sworn in as a policeman and that was done at the suggestion of the police authorities in the Steveston area. We only had one night patrol service and a night patrol is of course only suitable for a city district. We had the Wilson night patrol in Vancouver. I would not like the committee to think, however, that was the only supervision that was given. We had a protection department of our own and in Vancouver we had four men all the time, who were specifically employed for this purpose. Also in the Fraser Valley we had four men continually going around that area who were supplied with automobiles to help them. From time to time, when places were broken into it was reported to the office and such places were boarded up. For purposes of the record I would just like to add this statement that I have made. I would not want the committee to think we just had one night patrol and one policeman.

Also, in respect to the question regarding prosecutions, while no actual prosecutions were taken by the custodian, on several occasions the police did recover stolen things and our protection department was able to identify them. No specific charge however was laid.

Mr. STEWART: In connection with that, Mr. Shears, would you mind looking for a moment at exhibit A, the Ross account. That is a statement of receipts and disbursements by the protective department. The P. S. Ross account. You will see it a little way down from the top.

Mr. FLEMING: At the back of the report.

Mr. STEWART: Under travelling, hotel, and living expenses of the protection department, can you give a breakdown of the expenditure which occurred between March, 1942, and July, 1943?

The WITNESS: That would be in connection with the department to which I have just made reference and in addition it would cover what I might call the

initial protection work, that is to say, the visiting of all property and the arranging for movement of goods from individual houses where the Japanese had been living to the central storages. I could not possibly give you a breakdown here in Ottawa, but it could be broken down by the accounting records at Vancouver. That definitely is a charge, I would say, made up entirely of salaries and expenses of the men employed in that specific service and it was called our protection department.

*By Mr. Stewart:*

Q. Salaries and travelling expenses?—A. Yes, salaries and travelling expenses and car expenses, and I think that would be the bulk of it.

Q. Have you had any accounts after the 31st of July, 1943, in connection with this division?—A. There is a monthly statement taken off by our accounting department, that is done continually each month.

Q. Were the transactions audited after the 31st of March, 1943?—A. There has been no complete audit since that date. There is, however, an audit in progress now. It has been in progress for about seven weeks now.

Q. Who has been doing it?—A. P. S. Ross & Sons have been engaged to audit the evacuee section of the Vancouver office.

Q. I take it there was no yearly audit.—A. No, there was no yearly audit.

Q. Can you tell me why there was no yearly audit carried out? I am thinking that it would have been in your interests and for your own protection and it would have been very advisable, would it not?—A. It was a matter regarding which I just waited to receive instructions. As I say statements were prepared every month and forwarded to Ottawa.

Q. A complete and detailed audit is being done now up until what date?—A. The 31st of December.

Q. Of last year?—A. Of last year.

MR. GLADSTONE: Mr. Chairman, the witness has in his hand a large book, apparently containing figures relating to this whole story. I notice also a similar book is in the hands of Mr. Fleming and in the hands of Mr. Stewart but there is no such book apparently in the hands of any member of the government. I am just wondering why, for instance, my friend Mr. Cruickshank who is very interested in this matter has got a copy of that information?

The Acting CHAIRMAN: Well, these books are in possession of members of the steering committee and they are not available for distribution to the other members but one can easily be borrowed from the chairman.

MR. CRUICKSHANK: I just want to register my own objection. I just want to say that I have asked already for some things but I would like now to ask for all the information, all the little letters and all the other things that are concerned here. We have spent the last couple of days discussing the Fraser Valley and I can quite modestly say that I am the only member of this committee who knows anything about the Fraser Valley in spite of the fact that I keep trying to put its name before the public. I strenuously object to all this discussion by people from Toronto and people from Saskatchewan who never saw a Jap or a Japanese farm in their lives. And it is not so much the discussion I object to but until a while ago they were not very much interested in the whole matter. I, however, have to report back to the people of British Columbia as to whether we have done the fair thing by the Japanese or not and whether we can justify any recommendation which we make or not. My legal friends have been cross-examining the witness as if he was up on the Dick murder trial and I notice he refers frequently to the book and I have no idea what is in that book.

The Acting CHAIRMAN: Well, if you will just let me explain.

Mr. CRUICKSHANK: Just a moment Mr. Chairman. We are here to decide on perhaps the spending of hundreds of thousands of dollars and if the members of the committee cannot have a few dollars to print extra books I do not know why. How can any member of this committee make a recommendation one way or the other? I certainly intend, when these recommendations go before the House, whatever they are, from this committee, I am going to have quite a bit to say. Apparently, it was arranged that those who had no information and knew nothing about this matter, never had the slightest interest in the Japanese problem and said nothing about it ever since the war started, now having become eminent counsel, have this all at their fingertips and those of us who know something about it have not those facilities.

The Acting CHAIRMAN: I am inclined to believe that Mr. Cruickshank is right in some respects. When the procedure was first discussed by the committee it was then understood that the members of the steering committee would get copies of this report and it seemed to be agreed at the time. That is the reason why only the members of the steering committee have copies.

Mr. CRUICKSHANK: I would like to know how many copies were originally printed and the names of those who received them?

The Acting CHAIRMAN: I think some of the members of the steering committee who are here could explain the way it was done.

Mr. BURTON: Mr. Chairman, I was waiting until you were through with Mr. Cruickshank before I was going to ask for the floor. I may say, for the information of those members who were not present at the first meeting, that while it was pointed out that there were not sufficient copies of this book to go around to every member of the public accounts committee, we were asked that each member of the steering committee make his copy available to the members of the party that he was representing on the steering committee. I have done that and that is the book that Mr. Stewart has in so far as the group he represents is concerned. It was pointed out at that time that if more copies were needed, and if the committee felt that it would warrant the expense, consideration would be given to printing more. This, however, is the first time that it has been brought to the attention of the committee and I would suggest in all fairness to the members of the steering committee that Mr. Cruickshank contact his representative of the steering committee. As far as his comment about people from Saskatchewan taking up the time of this committee—

Mr. CRUICKSHANK: I did not say that.

Mr. BURTON: You said substantially that. I would point out to the committee that we members from Saskatchewan have taken up very little time of the committee. We have followed not only the discussion very closely but we have followed the explanations given by Mr. Shears very closely because it is something that we want to familiarize ourselves with. Again I would say, Mr. Chairman, that if more copies of this report are required by government members and if they need them in their work and the steering committee cannot supply them, then I am quite prepared to support the motion that more copies be made available.

Mr. CRUICKSHANK: I want to make it clear I did not say that you gentlemen were taking up too much time of the committee. I said they had not taken an interest in the past. I am not objecting to Mr. Stewart or to anybody else and I think you should support me in what I am saying because it is true that every member of the committee should have one of these copies. I am not objecting to Mr. Fleming or to Mr. Stewart at all and I think Mr. Fleming and Mr. Stewart would be the first ones to endorse what I am saying. This is my motion and you can express your opinion. I do not know who the member of



the Liberal party on the steering committee is and I do not care. Surely we are not here as parties. I am going to move now that each member of the committee be provided with a copy of this book.

The Acting CHAIRMAN: In the meantime I might add there are two extra copies in the possession of Mr. Isnor and I am sure that Mr. Cruickshank and Mr. Gladstone could get those copies but as far as the motion is concerned I leave it in the hands of the committee to decide.

Mr. STEWART: May I ask for some information? I think at the first meeting when we were discussing this I asked that they be made available for each member. I suggested that the report be printed as an appendix at least and that I thought everyone should have a copy. Now the steering committee took that under advisement and I would like to know what decision they came to? I would like to know why only one copy was made available for the five members of our group.

The Acting CHAIRMAN: I am told that the members of the steering committee who received copies of the report were: Mr. Burton, Mr. Fleming, Mr. Gibson, Mr. Marshall, and Mr. Stewart. There are also two extra copies as I have said which are still in the possession of the chairman. Those copies were to be made available to the members who needed them. Now I think it might take a little time to have these copies printed but I think the motion is in order and I will ask the committee to decide on it.

Mr. FLEMING: Mr. Chairman, it is unfortunate this question was not raised at the first meeting when this matter was considered, because if members, such as the honourable member for Fraser Valley, feel that they have been under handicap in following the examination then it may be that it will be necessary to detain Mr. Shears here for questioning on the basis of the need for perusal of these reports, by members of the committee who have not yet seen them. Now this matter arose in the first meeting of the steering committee because it was stated to us by the government that they had just eight copies of the report available. There was a desire expressed that we should not go to the expense of having additional copies printed or mimeographed unless the members really wanted it. Now the volume itself, as you can see, is very bulky and in view of that suggestion from the government that printing and mimeographing of copies be obviated unless strictly necessary. The suggestion was advanced not from the opposition parties but from the government party representatives and the steering committee that we see if we could get along with the copies that were available for distribution among the parties through their representatives on the steering committee and then if it was found impossible to get along with the limited supply the question could be raised. It was expected each member of the steering committee would make his copy available to the members of his group. Now I recall that I pointed out to the representatives of the two main parties, who have more members, that it would mean that there would be a great many members competing for the use of one copy. It was left that way and apparently these two copies have not been drawn on. If the information that those reports were available was not more widely known to the members of the committee it was perhaps due to the fact that there were members absent from the first business meeting of this committee when the matter was fully discussed.

Mr. CRUICKSHANK: Before the motion is put I would say that I was not present at the first meeting and I am not complaining of the distribution made so far. I do think, however, in a matter which is as important as this, the information should be available. Somebody has said the government did not want to go to the expense of printing additional copies and I would say that I do not always agree with some of the ideas of the government and I do not intend to agree in the future. This would only amount to a very little expense and

there are a lot of unemployed stenographers in Canada whom we might get to work on it and we might even get hold of some of these Japanese to type a few of the copies. I would like to see the motion put.

Mr. RICHARD: No one has said anything about how much it would cost and how long it would take to have these copied. Personally I have not got a copy and I have not seen one and I think some of the members of the committee may be in the same situation. I think some of the members here, including Mr. Cruickshank, certainly should have a copy available but I do not want to see us waiting to get copies of the report unless it is absolutely necessary. I certainly do not complain because I did not get one myself and I think we should find out first what it will cost and secondly how long it will take.

Mr. FLEMING: Mr. Chairman, the short way would probably be to find out how many of the members of the committee want a copy of the report and who are not content with the copies on the present basis. I have no doubt Mr. Cruickshank who has a special interest in this matter, should have one. There is not, however, much point in our passing the resolution unless other members want the copies and are going to use them.

Mr. COTE: Mr. Chairman, I would like to clear up one point. Mr. Fleming has indicated that Mr. Cruickshank was a little late in raising this question. Now if I refer to the minutes of the proceedings I see that on May 8 the steering committee made its recommendation that the officer in charge of Vancouver office of the custodian be examined. I would assume that it is only on May 8 that this matter was brought up and inquiries were to be made regarding printing and availability of these financial reports so I do not see that Mr. Cruickshank is late in bringing up this point. I am also interested in what he is claiming as a privilege to the members of the committee. I have not had a report to study and I think it should be left to the committee to decide if it is advisable to print more copies at this time.

The Acting CHAIRMAN: I am informed the matter was brought up on the 28th of April at the first meeting.

Mr. COTE: Not according to the official record.

The Acting CHAIRMAN: It was not reported but it was discussed at the very first meeting. Now I shall add this, also. We have gone quite far already into the evidence and the examination of Mr. Shears and I do not know how long it will still take and I have not the faintest idea as to the cost of printing of this report but as far as delay is concerned it will probably take a week or so.

Mr. CRUICKSHANK: May I point out that it would delay Mr. Shears as I see it. This is not printed, it is only typed and I do not see it delaying us at all. I am not asking that we start all over again by any manner of means. If I have to justify to the people of British Columbia any action I have taken in this committee or that anybody else has taken, I can only justify it from one part of the score and I can see very little cost involved in typing a few of these. I would say that as far as these binders and so on are concerned that I have thrown away thousands of them every day which come from eastern Canada advertising various things. If the motion is defeated it is all right with me and I will know exactly where I stand about having the information available.

Mr. STEWART: Might I point out in this statement here there was one item dealing with the Ottawa section of the custodian. There was also the matter of illegal organizations, both of which items I think would be interesting to the members and I think if we are going to do anything constructive or intelligent we ought to know what is being done in connection with those. I know that Mr. Jaenicke has had to go without this when I have had it and I know Mr. Burton has had to go without it when I have had it and we should evolve some method by which all of those who are interested can have copies.

The Acting CHAIRMAN: Certainly I have no objection and I would like to see the committee decide it immediately and take their stand on it.

Mr. COTE: How long would it require, Mr. Chairman, to obtain sufficient copies?

The Acting CHAIRMAN: I could not be definite, but I am informed that it would take about seven days.

Mr. CRUICKSHANK: What difference does that make.

The Acting CHAIRMAN: I do not say it makes any difference. The only thing I am pointing out is that there would be a delay.

Mr. COTE: May I just inquire there whether it is worthwhile to continue to sit until such time as we all have copies?

The Acting CHAIRMAN: Well, is the motion agreeable?

Carried.

Now can we, in the meantime, continue the examination? I am in the hands of the committee as far as that is concerned.

Mr. FLEMING: I think we should continue.

Mr. STEWART: There is another question I should like to ask Mr. Shears in connection with exhibit A, the Ross company's account. There were 466 properties appraised in greater Vancouver and 400 in the rural areas and I notice at the bottom of schedule A the advisory committee expenses in greater Vancouver were \$3,761.02 whereas in connection with the rural property the expense was \$1,151.03. Could Mr. Shears tell us why there is this discrepancy in the expenses? I would have thought the expenses in Vancouver would be much smaller than those in the rural areas.

The WITNESS: I indicated previously there was a somewhat different set-up in regard to the committees. In the greater Vancouver advisory committee under the chairmanship of Mr. Justice Sidney Smith it was his wish that the committee should have their own secretariat and their own office. Office space was rented and they had an executive officer and they had a stenographer and that was the reason for the expenses incurred by that particular committee. In regard to the rural committee under the chairmanship of Judge Whiteside, they met in the Judge's chambers and later on they met in Mayor Mott's office and they dispensed with any paid salary employees. Members are allowed an honorarium for attending committee meetings, and travelling expenses where required; very definitely the expenses of the greater Vancouver advisory committee are very much higher than those of the rural committee for the particular reasons given.

Q. Do we have a breakdown of those expenses?—A. That can be produced, yes.

Q. Then, further on, in that same exhibit, exhibit A, there is an amount of \$15,402.01, in connection with storage, etc. I take it from that that not all chattels and goods stored were on Japanese property?—A. No, they were not. Referring to Vancouver again, because that is where we concentrated most of these chattels; at 992 Powell street, we had a storage space of four floors and the basement, and we paid \$150 a month for the rental of that one building; and there were other buildings for which we paid rental in Vancouver and in some other areas; and it mentions freight as well. That item, I believe, would also include the charges for moving into storage.

Q. Yes?—A. But generally speaking that is the meaning of that item.

Q. Were there any break-ins, entries, made?—A. Yes, even at 992 Powell street, on several occasions entries were made. In some cases windows were removed. It was not in a particularly good district, right in the heart of Vancouver. That was one of the places, incidentally, which was under the pro-



tection of the night patrol. That simply meant of course that the patrol would be there perhaps around two o'clock in the morning and then again at five. And I understand their instructions were not always to be there at the same time. They would vary the time and the next night they might be there at two o'clock and four o'clock. But definitely 992 Powell street was broken into on several occasions.

Q. And I take it from what you have said that there would be no inventory of the goods held?—A. Yes. As it was placed in 992 Powell—there was no inventory actually made when the goods were put in there, but the Japanese name was marked on the goods.

Q. And they are all out of that Powell street storage now?—A. Yes, it is empty.

Q. And you made an inventory of the stuff that was removed?—A. Well, it was not actually an inventory. When the goods were moved to auction, a list of what was sold at auction was made. The auction list constituted an inventory of the property sold.

Q. Can you say how much was missing from that one building?—A. In volume, or value?

Q. Volume, roughly.—A. I believe I should tell you that this building was filled from floor to ceiling on more than one occasion. We had auctions held there on the ground floor over the period and the goods on the other floors were moved down and the spaces vacated on these other floors would be filled again. That building was filled on several occasions. I would not like to estimate the actual quantity. As a matter of fact it was not always a question of the goods being actually stolen, there was so much damage done and a mixing up of articles and so on took place. One would go in and here would be a lot of stuff pulled down and just thrown all over the floor.

Q. This is rather an important point, Mr. Chairman. There may be claims against the custodian for damage to goods. Apparently we do not know from official records just what this amounts to. There has been some measure of loss which either the federal government, or somebody, is going to have to pay the Japanese for. I think it would be very desirable for us to know just how much had been destroyed or lost. You say that from your books and records you have no certain way of knowing how much has been lost. Suppose a claim comes up for certain articles which are lost, how are you going to decide it?—A. We have files. We have a file for each individual Japanese, and we have the Japanese declaration as to what he left. In other cases subsequent declarations were made. In many cases it was possible to check these inventories. I would say the over-all basis on which claims, if claims are entertained, would have to be considered, would be by the file itself; and I believe, broadly speaking, that would substantiate what the Japanese lost; the records would show what had been sold, and in that way the discrepancy would be established. I will admit that it will not tie up one hundred per cent; but there again I ask your consideration to visualize not only the number of items, but the type of items—when you have to keep track of pots, pans and that sort of thing, it is understandable.

Q. It is understandable.—A. I would say an additional test would be whether the Japanese could prove what he left. As I say, that would be on our files. Then we could check that against what we sold, and in that way would know what was short.

(Discussion off the record.)

Mr. CLEAVER: Mr. Fleming, are you finished with the witness?

Mr. FLEMING: I don't want to monopolize the questioning. I can be finished in about twenty or twenty-five minutes.



Mr. CRUICKSHANK: May I interrupt and ask one question before you go on?

Mr. FLEMING: Certainly.

*By Mr. Cruickshank:*

Q. I asked you, Mr. Shears, for a list of the sale prices to the VLA, that the sale price with respect to each property be put on the record. Has that been done?—A. I do not think it is actually in the record.

Q. It will be done?—A. Yes.

Mr. CRUICKSHANK: Another point is this; as I understand it, Mr. Chairman—and I do not profess to know anything about the value of property in the Fraser Valley—I am not even going to say whether this is a just complaint, I do not know whether it is or not. I want to find out. My point is as to the value of the properties. As I said before mention has been made by myself and others with respect to this matter. What I want to find out is the actual price, the actual cost of this land at the several stages, the price that was paid to the Japanese, the price that was paid by the V.L.A. administration, and the price at which it was sold to the veterans. I am particularly anxious to have that on the record. Although I come from that district I do not think anyone here would expect me to express an opinion either publicly or privately as to the value of that land. I think the list is one which should be on the records of this committee.

Mr. FLEMING: I think they all want to know that, and I think the committee has no intention of winding up its labours without getting that information.

Mr. CRUICKSHANK: That is the information I want.

Mr. FLEMING: I understood the chairman was going to arrange to have that evidence adduced before the committee by representatives from the Veterans Affairs department.

The CHAIRMAN: No, he is not.

Mr. FLEMING: I raised the question as to how we were going to get this information at the last meeting and the chairman intimated that a witness would be called from the Veterans Affairs department to testify as to the price charged to the veteran on re-sale by Veterans' Land Act officials. I understood from the vice-chairman that arrangements were being made to call someone from the Veterans Affairs department presumably Mr. Murchison, because he is the official who conducted the correspondence which was referred to yesterday on behalf of the Veterans' Land Act.

Mr. CRUICKSHANK: Mr. Chairman, following up what Mr. Fleming says, I agree with him in this, that it is the Veterans Affairs department obviously, the Veterans' Land Act officials, who are the ones who can answer about the sales. That matter is entirely in his department. In the meantime I am asking that this report be put in as an appendix to our records so we can have an opportunity of studying it. Apparently the price paid to the Japanese was \$750, and we want to follow that through and see the price at which it was sold to the veteran. In the meantime, I am asking that that material be placed in our record.

The Acting CHAIRMAN: It will be put in the record.

The WITNESS: I would like to say to Mr. Cruickshank that all I am in a position to put in is this. It gives the custodian file number; it gives a certain number which relates itself to the veteran's land file; and it gives the Japanese name, the soldiers' settlement appraisal and the price paid to the Japanese.

Mr. CRUICKSHANK: That is what I am asking for.

Mr. FLEMING: And it includes the price paid the Japanese?

The WITNESS: It gives the sale price of the property.

Mr. CRUICKSHANK: Of course, I appreciate that the witness can only give such information as he has.

The WITNESS: But there is no legal description of the property here, but it relates itself in two places; to the file number and also to the V.L.A. offer.

Mr. CRUICKSHANK: By price do you mean the assessed value?

The WITNESS: The assessed value would have to be obtained and added to this list.

*By Mr. Fleming:*

Q. Mr. Chairman, before we adjourned yesterday Mr. Shears was giving testimony as to the vesting of property of all kinds in the custodian. What was the function of the custodian with respect to property? Was it his function to conserve and protect, and in due course when it was decided to sell, to sell at the best possible prices? How would you describe the proper function of the custodian?—A. Initially, the function of the Custodian's office in Vancouver was to protect and administer the properties of the Japanese which were either registered by the Japanese or, upon evacuation, became vested in the Custodian. This entailed the work which I have already indicated, the renting of properties, protection of their chattels so far as could be done, and so on. Then, when the policy of liquidation came into effect, the instructions were we were to proceed with liquidation in an orderly fashion; that properties were not to be sold unless there was a justification for the price obtained. In order to do that, the process which I have already outlined was adopted, public advertisement and tender. Does that answer your question?

Q. Not fully, but perhaps we can break it down. The orders in council themselves do not lay down a procedure to be followed with reference to advertising or obtaining valuations, do they? That was a matter of internal administration for the Custodian's office?—A. Yes, definitely.

Q. What was the overriding purpose of the Custodian's administration in that respect? Was it to obtain the best possible price for these properties and when I say "properties" I am speaking not only of the real estate but the chattels, all properties of the people of the Japanese race?—A. It was the purpose of the Vancouver office to obtain adequate prices.

Q. In other words, to get for those properties, whether real estate or chattels, all they were worth?—A. A fair market price.

Q. It was not any part of the function of the Custodian to sacrifice anything simply for the sake of a quick realization?—A. I would say not, no.

Q. Apart from the realization, the function and duty was to protect and conserve the assets?—A. Yes.

Q. Now, as to the Fraser Valley properties in this sale to the Veterans' Land Act. In the light of the information which has been detailed to the committee, do you think that the fair market price on those 741 properties, most in the Fraser Valley but some on Vancouver Island, was obtained in 1943?—A. From the evidence before the Custodian and the Advisory Committee at the time, it would appear that the best possible prices were obtained. In the light of some subsequent events and individual sales which were made, it might appear that some properties, had they been sold individually would have brought larger prices. I think there might have been some properties which would have been hard to sell in individual units and might still not be sold. I can only say that there was some upward trend in values which took place from the 1st of January, 1943, onwards. A slight increase took place in 1943, a little more in 1944, but the real upswing did not take place until 1945 and onward.

Q. You said yesterday the general increase in the price of real estate did not fully account for this great discrepancy as between the Custodian—at least the VLA appraisal and offer on the one hand and the realization on the properties in the same group later on?—A. It would not appear that way.

Q. You say it was the best possible price which could be obtained. Actually, no one else was ever invited to bid on these properties; is not that true?—A. That is true, but I say the best possible price in the light of the fact that the committee was considering selling these properties on the basis of the valuations which they believed were sound valuations due to the fact they were made by a qualified board of appraisers. That is the basis upon which the deal was consummated.

Q. We have these facts, that these properties were never offered for sale to anyone else?—A. They were not.

Q. No one else ever had an opportunity to bid on them?—A. No.

Q. The offer comes forward from the VLA which is eventually accepted after some negotiation. When you say it was the best possible price that could be obtained, what you mean I take it is, it was the best possible price you could obtain from the VLA purchasing en block under these conditions?—A. That is true.

Q. What charges have been made against the proceeds of the sale of both real estate and chattels? On the chattels you have indicated that there was a total of 21 or 22 per cent charged for auditor's charges— —A. Auctioneer's, not auditors.

Q. I should not say auditors, I meant auctioneers. You paid 10 per cent to the auctioneers, 3 per cent was allotted for advertising and about 9 per cent was your own expense in handling?—A. Yes.

Q. Now, that total of 22 per cent was charged against the sale of chattels, did that cover all the expense of the Custodian's office in connection with the sale of those chattels?—A. No.

Q. There was overhead, was there?—A. Simply the charges which related to the movement of these goods from perhaps one storage place to the auction room. It definitely related to the movement of these goods for the purpose of sale at auction.

Q. In other words, there is no overhead from the Custodian's office charged in?—A. No, not one dollar.

Q. Are those accounts available? I am not concerned, for the moment, about the details, but I think the committee ought to know what was the total charge of this kind made in respect of the realization on the chattels, those that were sold. If you have not that information handy do not take the time— —A. Yes, I think perhaps I can give you the totals. There was a total of 255 auctions.

Q. Excuse me, is that the total number of auctions on all chattels?—A. Yes.

Q. That is the total?—A. 255 auctions, the gross returns were \$245,583. The auctioneers' fees were \$24,873 which, you will notice, is approximately 10 per cent. There is one case in which there is a very slight variation. Advertising cost us \$6,593 and the handling charge to which I have previously referred was \$25,775.

Q. What was the net, then?—A. The net would be \$188,341.76.

Mr. STEWART: May I interrupt to ask whether these figures appear on the accounts in the hands of some of the members of the committee?

The WITNESS: These auction sales figures will be included, with chattels sold by advertisement and tender. The proceeds would be included in the sale of chattels or something of that nature in exhibit A. The figures I have just read will not appear separately.



*By Mr. Stewart:*

Q. They do not appear in the auditor's accounts?—A. Oh no, that report is 1943.

Q. All these expenses took place after 1943?—A. Yes, right up to December, 1947.

*By Mr. Fleming:*

Q. December, 1946?—A. Oh yes, December, 1946.

Q. We have not the details before us in any form. Now, in the exhibit to which you have just referred, Mr. Shears, the report of P. S. Ross & Sons, of October 20, 1943, there were some recommendations made with regard to administration in the Vancouver office. You were in charge of Vancouver office?—A. At that time, yes.

Q. Was that report with its recommendations brought to your attention?—A. Yes.

Q. I am not going to trouble you now about the details, but what, in general did you do in the light of the recommendations contained in that report?—A. We put them into effect.

Q. All of them?—A. I have not looked at the report for years, but I believe we did. They related, more or less, to internal management and the manner of keeping files. Have you anything specific in mind?

Q. There was just one point in particular on page 12 under the heading, evacuated persons, where the auditors speak of the custodian's 14,500 files concerning evacuated individuals. They say they examined a number of them and noted the information was generally in chronological order. Then, they made a statement.

Adequate information relating to the sales of assets did not appear to be in the files.

Was that information available elsewhere? Was it just the fact that it was not in the statement?—A. It was available elsewhere and now is available in all files. In other words, that recommendation was carried out. The information was in the office but it was not, at that time, on all the files.

Q. Perhaps I did not clear up fully this point about charges made against the Japanese property. You dealt with the chattels and you have explained that. Now, what about the real estate. Apart from the expenses you incurred we will say, in the way of valuator's fees or expenses for sale, tender, auctioneering fees and so on, was there any charge made by the Custodian's office in connection with the realization on the real estate of the Japanese?—A. All properties, as you know—no, not all properties, but practically all properties, appeared in these two catalogues. Against each item of property you will have noticed the name of the real estate agent. The arrangement which was made was this; when that particular property was sold that real estate agent would be entitled to the usual real estate agent's commission of 5 per cent. This was paid and was deducted from the sale price. The cost of advertising the property was pro rated amongst all the Japanese properties and it was not particularly heavy. This was so because of the fact we advertised so many properties and assessed a proportion of the advertising. The charges for a particular individual were naturally fair.

Q. That was just a matter of pro rating, I suppose, in relation to the price of the real estate in each case?—A. Yes.

Q. That would just be an out of pocket expense and I am going further in my question and asking if there was any additional charge made by the Custodian's office, say for the expense of administration of Japanese property; first of all, the collecting, conserving and storing of it, and second, the realizing of it, was that borne by—A. That was borne by the department.



Q. Now, the source of the money out of which these charges were met was not the taxpayers money. Are you familiar with the details of that?—A. No, I can simply say in that connection we had advances from Ottawa for administrative charges in Vancouver.

Q. You are not in a position to offer information concerning the source of that money, whether it came from charges made on the administration of other property?—A. No, the accounts in Vancouver, at the present time show an indebtedness for advances made from Ottawa.

Q. Were these expenses all charged up, that is allowable expenses, all charged up against the individual account in each case?—A. Oh yes.

Q. You did keep individual records on all files?—A. Yes.

*By Mr. Cleaver:*

Q. I believe the witness said, in regard to the sale of all the real estate, a commission of 5 per cent was paid to designated real estate agents. Was that commission paid with respect to the sale of properties to the Veterans' Land Act?—A. Not only outside the V.L.A. deal. There was no commission paid on the VLA deal.

Q. Your general answer was rather inclusive?—A. I am sorry, outside the VLA deal.

*By Mr. Fleming:*

Q. The figures you have supplied to the committee are the realization of the sale of real estate were gross figures, then?—A. Gross figures.

Q. From them should be deducted 5 per cent paid to agents?—A. Yes.

Q. Are there any other figures of any account which should be borne in mind in that respect?—A. No, I do not think so.

Q. We were just speaking about individual accounts and there is a statement which appears on page 57 of the report of Mr. Mathieu, to which reference might be made now to complete the picture. The summary of cash which has been collected from the realization of various assets and revenues has been as follows, and in the evacuee section the total is \$5,373,317.64, while on the enemy section, that would be Japanese enemies I take it, \$1,074,753.74, a total of \$6,448,000. As I understand it, that is complete down to December 31, 1946, is that correct, Mr. Shears?—A. That is complete. Just what would you mean by complete there, Mr. Fleming?

Q. Is it a complete statement of the amounts realized through your office in Vancouver on the sale of property of Japanese persons of all kinds?—A. No, that is not strictly accurate. So far as the evacuee section is concerned, it is correct. The second column which deals with enemies includes accounts in the Vancouver ledgers covering persons who were interned. There were 700 of them at one time and they have now all been released. So far as the administration is concerned they are now being treated on the same basis as evacuees. While they were in the internment camps we had separate ledgers. They were treated as enemies. This took care of the 700.

Then, there was a limited number of persons who were residents of Japan, living in Japan, but who had property in Vancouver. They were specifically enemies and their assets were included in this total. In addition to that, there was other Japanese property in the protected area belonging to Japanese persons or companies which were controlled by enemies and those properties have been administered by the appointment of controllers and liquidators. The figures for the realization of these assets do not all appear in this statement; that is to say, there have been other assets realized by the liquidator which have not yet come into the hands of the Custodian, but that would be directly in regard to Japanese enemies or enemy companies. It does not affect the evacuee situation at all.

Q. In the case of these liquidators or controllers to which you refer—A. That, as a matter of fact, is taken care of in the Price, Waterhouse audit which is attached to this report. It is the audited account of the enemy section of Vancouver office.

Q. Then, the liquidators and controllers report to your Vancouver office and not to Ottawa?—A. They are reporting to our office.

Q. What is the number of individual files open at this time?—A. The individual files which have cash balances at the end of last month, would be just about 1,500.

Q. Altogether?—A. That is all the accounts which have credit balances. The rest of the money has been paid out.

Q. In your Vancouver office, there are just 1,500 accounts?—A. I say 1,500 because I know specifically there were 1,780 two months ago and the number is being continuously reduced. There are about 1,500 accounts and the amount of money, at the present time, would be about \$800,000.

Q. This represents a great diminution since the peak of three or four years ago?—A. Oh, definitely, yes.

Q. It is less than 10 per cent of your peak?—A. We have the files, of course. We have approximately 17,000 files, but not all of those files were concerned with assets which were realized.

Q. Have you any figures that you would like to refer to if you are trying to make up the difference?

Q. Well for instance, on page 50 of the report, "the number of evacuee accounts in our Vancouver ledger is as follows: December 31, 1944, 3,575; December 31, 1945, 3,820; December 31, 1946, 2,433."—A. Yes.

Q. I want to get your figure that compares now with that figure of 2,433 at December 31, 1946?—A. 1,500 or 1,600.

Q. So that you have made a reduction of one third in the last four months?—A. Yes, and the amount, instead of being \$1,076,000 would be approximately \$800,000 at the present time.

Q. Within what space of time do you expect to complete this liquidation?—A. I would say it could be completed this year.

Q. There were no other funds held for evacuees other than those which you have just mentioned now?—A. Not any funds. We have bonds to the extent of \$250,000 belonging to individual evacuee accounts.

Q. This is simply a cash statement?—A. A cash statement.

Q. And you have bonds worth about a quarter of a million dollars?—A. Yes.

Q. What else remains?—A. Nothing at all except we have 25 unsold evacuee properties.

Q. You are down to 25 real estate properties, \$250,000 in bonds, and \$800,000 in cash?—A. Yes.

Q. That represents the complete inventory of the assets?—A. Yes, of evacuee assets on hand and there are those 25 association properties.

Q. Now are there any other properties or assets being administered through your Vancouver office for persons of the Japanese race that are not included in the evacuee section?—A. Apart from evacuees you mean?

Q. Yes.—A. There is about \$250,000 in cash and \$560,000 in bonds which is in the hands of the liquidators of enemy properties which have not been turned over to the custodian.

Q. That is all?—A. That is strictly enemy money and the final disposal of enemy assets I believe depends on the signing of the treaties of peace.

Q. You expect, in the ordinary course, that you will be complete this year; by the end of this calendar year?—A. Yes, the payment out of those funds on hand should be completed.

Q. You testified at an earlier day Mr. Shears that some of the Japanese had returned their cheques. They were not satisfied with the sale price and they returned their cheques. Now are the cheques that were returned included in the \$800,000?—A. Yes, they are included in the \$800,000 and those amounts are credited back to their accounts.

Q. Those accounts are just being carried as open accounts?—A. Yes.

Q. What is the total of that now?—A. I can only hazard a guess. There would not, however, be more than \$4,000 or \$5,000. They were relatively small amounts. In the 1,500 accounts of which I spoke I believe about 800 would be small amounts, of not much over \$100 and the next group would be about 600 and they would involve around \$1,000 each, and there would not be more than 100 evacuee accounts whose balances would run over \$1,000.

Q. When you close out an account do you make any attempt to obtain a release from the person entitled to the proceeds?—A. It has been our usual practice when closing out Japanese accounts to send him his final balance indicating to him that this was all the money that was being held by the custodian and we ask him to acknowledge its correctness. Sometimes they did acknowledge its correctness. Sometimes they did acknowledge and sometimes they did not but they were given a statement of their account.

Q. How ample is the statement given? Can you file a sample copy?—A. I have not one here but it would be this. There would be a credit for the net sale of his property and there would be auction sales credit from a certain auction and a credit from another auction and so on. This Japanese may have been receiving \$50 a month, every month, and there would be a debit of that \$50. It would be an itemized statement and of course it would be possible for him to come back and ask for more information.

Q. In respect to the credit item from the sale of his property and the details of that, would you just have given him the gross figure?—A. The statement would have a record of what the property was sold for and the charges against it.

Q. In what proportions did the Japanese sign the release which was sent indicating the correctness of the account?—A. We did not make any estimate but they were asked to acknowledge the cheque. Sometimes they came back and acknowledged it in full settlement and in other cases they avoided the issue and we did not press it further.

Q. You are not prepared to make any estimate of the proportion?—A. No.

Mr. COTE: Did I understand you to say Mr. Shears that you included in the statement a special release form which you asked the Japanese to sign and return?

The WITNESS: No, there was no particular form but in our letter we indicated this was the balance to his credit and that everything had been sold and we asked him to acknowledge that he was satisfied.

Mr. FLEMING: Mr. Chairman, I do not want to be monopolizing the time of the committee and if any one wants to interrupt me at any time I would ask that they please do so.

Mr. CRUICKSHANK: Mr. Fleming asked some questions regarding the sale of the land in the Fraser Valley en bloc to the Veterans' Land Act and he asked whether anybody else was requested to tender or whether individual sales had been asked for. I would just like to ask Mr. Shears if it is true that this land was not in general demand at the time that the sale to the Veteran's Land Act took place? Is that true? Is that the information you had?

The WITNESS: I could not say. We had no specific information as at that time the custodian's office was not offering any properties for sale.

Mr. CRUICKSHANK: Just to make the point clear my information is that small berry farms were not in demand at the time this sale was made to the Veterans' Land Act.



*By Mr. Fleming:*

Q. I just want to clear up a point or two and I want to make good my promise to the committee that I will finish this morning. Dealing with the matter of employees in the office, Mr. Shears, on page 51 of the report you give figures as to the numbers in the office at the end of the various years. At the end of 1943 there were 93; at the end of 1944 there were 70; at the end of 1945 there were 49; and at the end of 1946 there were 30.

What would the figure be to-day?—A. It is 28 and, as a matter of fact, I do not think there will be much change until the final winding up. We now have 11 men and 17 girls.

Q. Now I turn to the matter of the fishing vessels. There were only 1,000 of those which were taken over by the Japanese fishing vessels advisory committee and most of them were sold by them but 180 were eventually turned over to the custodian?—A. Yes.

Q. My question is of a rather different nature from what we have had. If you have not all the information perhaps Mr. Wright can supplement your answer. Was there anything found in those fishing vessels of any nature which reflected on the activities of persons of the Japanese race as far as the security of Canada is concerned?—A. The vessels were of course seized by the navy and they did not come into the possession of the custodian until some months afterward. 950 had been sold and 170 came into the hands of the custodian. As far as evidence that came from the vessels directly to the custodian I would say there was none.

Q. You have not any personal knowledge of anything that reflected possible activities against the security of Canada?—A. No, I would not care to say so. All I can say was that on one occasion there came into our possession a map, probably about the size of this table, written in Japanese, and it appeared to be quite a detailed chart of the coast. That was forwarded to Ottawa to the security department. That is the only particular incident that I recall. Mr. Wright was there in charge at the time.

MR. CRUICKSHANK: May I interrupt a moment? My understanding is that we are not here, and if I am wrong I will be corrected; but my understanding is we are not here to discover whether any Japanese was loyal or disloyal. We are here to see that the Japanese get a fair deal under British fair play. I do not think the matter of loyalty or disloyalty enters into our terms of reference.

MR. COTE: My own opinion is, Mr. Cruickshank, that you are misunderstanding the point raised by Mr. Fleming. This, I think, comes under our terms. If there was anything found in those vessels that was entrusted to the custodian for disposal I think we should know. Mr. Fleming is just enquiring whether among those assets there were any things present which reflected upon the loyalty of the owners.

MR. CRUICKSHANK: I still do not think it has anything to do with this. I have two lawyers against me but my understanding is that we are here to find out, and I think my friends from the prairies will support me, whether the Japanese were fully paid and as far as the British Columbia members are concerned, and myself, in particular, that is the issue. We threshed that out down on the floor of the House and I do not think it has anything to do with it. We are here just to see if the Japanese has been paid a sufficient price for the chattels and boats and farms and anything else. I certainly do not think this committee should discuss at this time whether any Japanese was loyal or disloyal. I still think that in spite of the legal opinions from the two central provinces.

The Acting CHAIRMAN: I think the question was given quite a complete answer.



Mr. FLEMING: The reference was made by Mr. Wright and I wonder if Mr. Wright could add anything to this now. It is in connection with properties that came into the possession of the custodian.

Mr. CRUICKSHANK: If an atomic bomb was found among those boats is it of any value to us?

Mr. FLEMING: I would think it would be of a great deal of value. Can Mr. Wright add anything to the answer?

Mr. WRIGHT: As Mr. Shears has said, all these vessels were taken over by the navy. There have been statements made from time to time that equipment other than fishing equipment was found but this equipment did not come into the hands of the custodian. We had no personal knowledge of those things. We have had information from fishermen and a number of others who were coming into the office. As a matter of fact the custodian was charged with the responsibility of administering the assets and security was left to the R.C.M.P. We did get information, however, from time to time which, if it was considered to be of use to the R.C.M.P., was turned over to them. Actually we had no personal knowledge of any equipment being found in boats because those boats were taken over by the navy.

Mr. FLEMING: I would simply put the question this way. Have you or have you not information that property which came into the hands of the custodian, from or through persons of the Japanese race, reflected or suggested activities detrimental to the security of Canada on the part of such persons?

Mr. WRIGHT: I do not recall any such equipment coming into the hands of the custodian. Of course radios were taken over by the R.C.M.P. and afterwards they came into our possession. Firearms were taken from the Japanese, turned over to the R.C.M.P. and their cameras were seized by the R.C.M.P.

Mr. FLEMING: Your answer would be that nothing of that kind came into the hands of the custodian but it did go into the hands of the R.C.M.P.

Mr. WRIGHT: Yes.

Mr. CRUICKSHANK: Well, I want to follow you up there. All these boats and equipment were seized immediately after Pearl Harbour.

Mr. WRIGHT: Yes.

Mr. CRUICKSHANK: In your opinion, as a responsible Canadian citizen, is it not reasonable to surmise that if an atomic bomb or any other weapons had been on those boats they would have been immediately dumped overboard? In your opinion is that not a reasonable supposition? Mr. Chairman, I think this has just as much relevancy as Mr. Fleming's questions. He is bringing up the question of whether the Japanese was loyal or disloyal. Is it not reasonable to assume that if a Japanese had several machine guns in a fishing boat that after Pearl Harbour, knowing his boat was to be seized by the R.C.M.P. he would have dumped that stuff overboard?

It is good reasoning in British Columbia but apparently it is not good reasoning in Ontario.

Mr. STEWART: Did he know his boat was to be seized?

Mr. CRUICKSHANK: Yes, of course he did.

Mr. FLEMING: If the witness would go on—

Mr. CRUICKSHANK: Now, Mr. Chairman, Mr. Fleming is trying to put this matter aside. These gentlemen, in my opinion, should answer the question. The seizing of property was not done by the custodian, it was done by the Mounted Police. I asked this question and I want it on the record and I want an answer from the two witnesses. Is it not reasonable to surmise the Japanese would have taken the action I indicated immediately after Pearl Harbour?

The Acting CHAIRMAN: Mr. Cruickshank is perfectly entitled to make his supposition and the witness is there to answer.

Mr. FLEMING: I will agree entirely with Mr. Cruickshank. I think it would have been a perfectly reasonable thing to do.

Mr. CRUICKSHANK: Well that is all right then.

*By Mr. Fleming:*

Q. I think it would have been a very reasonable thing to expect. Did it come within the scope of the custodian's office in Vancouver to know of the departure of persons of the Japanese race from Canada in the period leading up to Pearl Harbour? In the custodian's search for Japanese assets did he have occasion to enquire into the departure of persons of the Japanese race in the weeks or months leading up to Pearl Harbour?

Mr. WRIGHT: All the information I can give you is that about the middle of July 1943, and the information is in a report here, a number of persons of the Japanese race left to go back to Japan.

Mr. FLEMING: Have you any information as to the number?

Mr. WRIGHT: As to the number of Japanese properties?

Mr. FLEMING: No, the number of Japanese who left this country in the weeks immediately preceding Pearl Harbour?

Mr. WRIGHT: There was some information in a report that was submitted by the B.C. security commission and if you will give me a moment I just might find it for you. The custodian had no information except that contained in this report.

Mr. STEWART: Mr. Chairman, I would just like to have two things cleared up in my mind. We are trying to let Mr. Shears away today. Will the audit of the custodian's department in Vancouver be put in the hands of the committee as soon as it is prepared.

The Acting CHAIRMAN: That is what I gathered from yesterday's evidence of Mr. Shears.

Doctor COLEMAN: If I might interrupt, I think I can answer a little more authoritatively than Mr. Shears. On behalf of the office of the secretary of state I give you our unreserved promise that the committee will receive, before it ends its deliberations, the full report.

Mr. STEWART: The second thing is that, in spite of the fact Mr. Shears is going, we will still get the reports.

Doctor COLEMAN: Mr. Shears is not going. He has decided to stay until this thing is through.

The Acting CHAIRMAN: I will leave it in the hands of the committee to decide when we should sit again.

Mr. COTE: Is there any reply coming from Mr. Wright?

Mr. WRIGHT: I will get the information out of this report.

The Acting CHAIRMAN: It is now after 1.00 o'clock and I think it would be in order to adjourn at this time. We will adjourn at the call of the chair.

The meeting adjourned at 1.05 p.m. to meet again at the call of the chair.



## APPENDIX "A"

ORIGINAL OFFER OF THE DIRECTOR, THE VETERANS' LAND ACT, FOR THE  
PURCHASE OF 769 PARCELS OF FARM LANDS FROM THE CUSTODIAN  
OF ENEMY PROPERTY

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	\$ cts.
2862	92	Adachi, A.	988 00	970 00		
5058	93	Adachi, M. K.	1,222 00	1,222 00		
5442	178	Amemori, A.	855 00	839 00		
5432	85	Araki, T.	850 00	834 00		
9363	110	Endo, H.	419 00	411 00		
9363/4	111	Endo, T. and H.	2,038 00	2,001 00		
2864	116	Fukami, K.	1,400 00	1,374 00		
2864	116	Fukami, K.	225 00	221 00		
2851	172	Fukami, K. M.	424 00	416 00		
11060	75	Fukawa, S.	1,158 00	1,137 00		
5573	31	Fujino, K.	2,085 00	2,047 00		
5573	31	Fujino, K.	125 00	123 00		
Int. 132	87	Hirai, S.	323 00	317 00		x
2853	89	Hashimoto, R.	1,560 00	1,532 00		
4999	82	Hayashi, G.	550 00	540 00		
6620	33	Hayashi, K.	977 00	959 00		
5438	143	Hashizume, E.	570 00	560 00		
5438	143	Hashizume, E.	2,326 00	2,284 00		
5438	143	Hashizume, E.	120 00	118 00		
5438	143	Hashizume, E.	1,795 00	1,763 00		
4965	18	Hinatsu, Y.	1,488 00	1,461 00		
4461	46	Hisaoka, I.	250 00	245 00		
4461	46	Hisaoka, I.	1,351 00	1,327 00		
5437	94	Ikebuchi, T.	1,450 00	1,424 00		
5444	50	Inouye, Y.	755 00	741 00		
6622	146	Ito, D.	2,000 00	1,964 00		x
4612	84	Kadoyama, I.	770 00	756 00		
13862	171	Kadonaga, T.	731 00	718 00		
9937	112	Kamimura, K.	279 00	274 00		
2859	117	Kato, K.	887 00	871 00		
5439	19	Kitagawa, Y.	850 00	835 00		x
5440	27	Konno, Y.	769 00	755 00		
5440	27	Konno, Y.	214 00	210 00		
5574	118	Nagata, F.	500 00	491 00		
6618	118	Kudo, M.	668 00	656 00		
5424	141	Kunimoto, S.	623 00	612 00		
5424	141	Kunimoto, S.	1,835 00	1,802 00		
2525	20	Mitsunaga, T.	610 00	599 00		
2861	32	Moriyama, T.	280 00	275 00		
5441	32	Miyagawa, H.				
5428	24	Miyagawa, T.	1,000 00	982 00		
4741	107	Mori, Y.	2,179 00	2,140 00		
4742	108	Mori, Y.	512 00	503 00		
2861	17	Moriyama, T.	500 00	491 00		
12875	17	Moriyama, M.	890 00	874 00		
2861	17	Moriyama, T.	79 00	78 00		x
15607	120	Nakamura, H.	1,300 00	1,276 00		x
5419	408	Nakashima, T.	820 00	805 00		
2865	2	Nishiyama, K.	2,386 00	2,343 00		
5430	196	Nomura, Y.	1,216 00	1,194 00		
2883	77	Ogawa, K.	970 00	952 00		
1352	49	Oda, K.	1,265 00	1,242 00		
10220	3	Ohashi, S.	4,526 00	4,444 00		
10220	3	Ohashi, S.	449 00	441 00		
10220	3	Ohashi, S.	297 00	292 00		
5435	90	Okabe, D.	2,100 00	2,062 00		
5435	90	Okabe, D.	96 00	94 00		
5575	489	Okamura, M.	453 00	445 00		x
5445	1	Okuma, Y.	2,677 00	2,628 00		
9332	113	Onisaki, S.	328 00	322 00		
5443	45	Ohno, K.	974 00	956 00		
9331	30	Saito, K.	1,600 00	1,571 00		
2867	86	Saito, K.	1,000 00	982 00		
2705		Mrs. Shizu Saito.				
12227	220	Sakon, B.	4,229 00	4,152 00		
4601	80	Sakon, M.	1,796 00	1,764 00		
4601	80	Sakon, M.	424 00	416 00		



File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
13382		{ Sakon, M. .... }	514 00	505 00		
13587	91	{ Sakon, I. .... }				
4616	142	Sasaki, C. ....	763 00	749 00		
5425	28	Sato, S. ....	715 00	702 00		
5578	135	Senda, K. ....	1,775 00	1,743 00		
9336	23	Oikawa, M. N. ....	1,622 00	1,593 00		
2873	26	Shimomura, T. ....	1,190 00	1,168 00		
3265	129	Shimoda, K. ....	775 00	761 00		
5434		{ Uyemura, I. .... }				
3265	76	{ Shimoda, K. .... }	492 00	483 00		
2525		{ Mitsunaga, T. .... }				
Int. 1248	64	Shiono, N. (In Trust)....	577 00	567 00		
Int. 713	121	Shirakawa, T. ....	450 00	442 00		x
Int. 713	121	Shirakawa, T. ....	1,422 00	1,396 00		x
Int. 1111	34	Towomura, M. ....	600 00	589 00		
Int. 1111	48	Towomura, M. ....	539 00	529 00		
13693	78	Tashiro, G. ....	1,600 00	1,571 00		x
2875	79	Tashiro, E. ....	499 00	490 00		
5579	21	Tatebe, K. ....	1,100 00	1,080 00		
5579	22	Tatebe, K. ....	760 00	746 00		
Int. 1113	114	Tateyama, S. ....	565 00	555 00		
5576	25	Tsuji, K. ....	800 00	786 00	402 60	
4962		{ Tsuji, T. .... }				
5581	51	{ Tsuji, S. .... }	460 00	452 00		x
9320	136	Umetsu, K. (In Trust)....	1,861 00	1,827 00		
5434	47	Uyemura, I. ....	1,325 00	1,301 00		
5434	47	Uyemura, I. ....	260 00	255 00		
3267	88	Watanabe, Y. ....	1,200 00	1,178 00		
3267	88	Watanabe, Y. ....	235 00	231 00		
2881	83	Yako, T. ....	360 00	353 00		
5421	29	Yanoshita, T. ....	1,850 00	1,817 00	278 00	
5421	29	Yanoshita, T. ....	555 00	545 00		x
Int. 736	181	Aoki, C. ....	195 00	191 00		
5060	184	Aoki, K. ....	885 00	869 00		
5060	184	Aoki, K. ....	188 00	185 00		
2857	145	Hattori, S. ....	1,377 00	1,352 00		x
2855	145	Hattori, M. ....	110 00	108 00		
5433	173	Hayashi, T. ....	793 00	779 00	353 00	
6620	33	Hayashi, K. ....	368 00	361 00		x
5437	94	Ikebuchi, T. ....	615 00	604 00		
1572	198	Ito, Y. ....	850 00	835 00		
4529	169	Kimura, I. ....	1,420 00	1,394 00		
2889	170	Kinoshita, A. ....	880 00	864 00		
4963	119	Kodama, T. ....	880 00	864 00		
4960	177	Matsushita, J. ....	91 00	89 00		
5441	179	Miyagawa, H. ....	340 00	334 00		
5426	182	Nakashima, U. ....	2,190 00	2,150 00		
2287	183	Okamura, S. ....	299 00	294 00		
5445	1	Okuma, Y. ....	240 00	236 00		
5425	174	Sato, S. ....	130 00	128 00		
2871	144	Shigehiro, K. ....	1,151 00	1,130 00		
5420	23	Shikaze, K. ....	1,875 00	1,841 00		x
5420	23	Shikaze, K. ....	552 00	542 00		
13222	168	Takamoto, S. ....	225 00	221 00		
2879	180	Yahiro, Kin. ....	1,785 00	1,753 00	288 00	
11525	7	Abe, M. ....	1,831 00	1,798 00		
7008	217	Aomoto, I. ....	1,885 00	1,851 00		
8654	53	Arinobu, H. ....	612 00	601 00		x
5993	56	Arinobu, M. ....	1,593 00	1,564 00		
2763		{ Ariza, E. .... }				
5992	164	{ Ariza, M. .... }	1,509 00	1,482 00		
12585	153	Fujii, Y. ....	1,218 00	1,196 00		
5318		{ Fujita, H. .... }				
5831	391	{ Nakano, R. .... }	2,808 00	2,757 00		
Int. 1263		{ Iwato, S. .... }				
5284		{ Otani, K. .... }				
6399	188	{ Otani, Y. .... }	729 00	716 00		
2761	195	Fujita, Y. ....	1,094 00	1,074 00		
5069	374	Fujino, S. ....	1,537 00	1,509 00		
5401	63	Fujishige, T. ....	1,155 00	1,134 00		x
3368	349	Fujiwara, T. ....	264 00	259 00		
7348	13	Fukuda, T. ....	1,000 00	982 00		x
3325	375	Fukunaga, S. ....	25 00	25 00		x
Int. 131	148	Furuya, M. & Co. Ltd. ....	521 00	512 00		x
5431	6	Furukawa, G. ....	1,400 00	1,375 00		
5431	6	Furukawa, G. ....	731 00	718 00		

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
	7346	12 Furukawa, K.....	1,700 00	1,669 00		
	4230	98 Furuse, K.....	170 00	167 00		
	2281	313 Go, T.....	257 00	252 00		x
	4820	321 Goryo, Y.....	531 00	522 00		
	2860	16 Goto, G.....	654 00	642 00		
	7376	61 Gyotoku, U.....	1,127 00	1,106 00		
	6930	151 Hamaura, S.....	47 00	46 00		
	6930	151 Hamaura, S.....	96 00	94 00		
	6930	151 Hamaura, S.....	202 00	198 00		
Int.	564	128 Hara, K.....	836 00	821 00		x
	6659	106 Hayami, M.....	1,147 00	1,126 00		
	9374	156 {Hidaka, T.....	292 00	287 00		
	767	{Hidaka, K.....				
	4620	288 Hiramatsu, T.....	203 00	199 00		
	7000	213 {Hirowatari, H.....	1,680 00	1,650 00		
	7001	{Hirowatari, T.....	1,680 00	1,650 00		
	4833	211 Hisanaga, M.....	924 00	907 00		
	4846	192 Hisanaga, M.....	150 00	147 00		
Int.	162	361 {Hori, G.....	350 00	344 00		
	8794	{Hori, S.....				
	8662	150 Horiuchi, Y.....	878 00	862 00		
	5403	105 Hosaki, S.....	3,170 00	3,113 00		
	5403	137 Hosaki, S.....	285 00	280 00		
	5403	137 Hosaki, S.....	744 00	731 00		
	7352	{Hoyano, T.....				
Int.	1437	54 {Yamasaki, K.....	940 00	923 00		
Int.	1302	{Okasaki, I.....				
	7353	682 Hoyaho (Mrs.) Y.....	3,635 00	3,569 00		
Int.	402	683 Ichikawa, H.....	2,760 00	2,710 00		
	6988	314 Ikeda, K.....	1,986 00	1,950 00		
	6996	216 Imada, K.....	3,038 00	2,983 00		
	6933	{Imada, T.....				
	6929	345 {Imada, K.....	392 00	385 00		
	7378	{Imada, T.....				
	6995	254 Imada, Y.....	1,350 00	1,326 00		
	8823	366 Iinuma, T.....	252 00	248 00		
	9379	390 Inouye, Y.....	Nil	Nil		x
	6990	309 Isoshima, T.....	866 00	850 00		
	6983	310 Isoshima, Y.....	2,269 00	2,228 00		
	3413	376 Itaya, W.....	501 00	492 00		
	736	358 Iwamoto, T.....	366 00	359 00		
	3415	359 Iwamoto, S.....	771 00	757 00		
	7349	35 Iwase, T.....	1,305 90	1,281 00		
	8059	{Kajuiira, H.....				
	13606	289 {Kajuiira, D.....	1,660 00	1,630 00		
	12273	684 Kanzaki, T.....	3,728 00	3,661 00		
	8791	342 {Kato, K.....	49 00	48 00		
	14172	{Sato, S.....				
	8796	353 Kato, S.....	552 00	542 00		
	8667	149 Katsuno, C.....	1,870 00	1,836 00		
	5281	187 Kawashima, A.....	627 00	616 00		
	7342	194 Kawamoto, M.....	270 00	265 00		
	8670	68 Kawamoto, S.....	1,770 00	1,738 00		
	9386	154 Kido, K.....	1,000 00	982 00		
	4981	127 Kido, S.....	1,196 00	1,174 00		
	11970	138 Kika, T.....	504 00	495 00		x
	8790	350 Kobayashi, K.....	281 00	276 00		
	2759	175 Koga, S.....	1,516 00	1,489 90		
	2885	166 Koga, T.....	1,434 00	1,408 00		
	8272	246 Kobara, C.....	684 00	672 00		
	8308	{Kohy, T. Mrs.....				
	8673	279 {Kohy, Y.....	1,558 00	1,530 00		
	5283	263 Kojima, I.....	1,571 00	1,543 00		
	6981	{Kosaka, J.....				
	6980	176 {Kosaka, T.....	3,145 00	3,088 00		
	6982	{Kosaka, M.....				
	3425	348 {Kosaka, K.....	496 00	487 00		
	2924	{Kosaka, M.....				
	6994	176 {Kosaka, M.....	418 00	410 00		
	6987	{Kosaka, K.....				
	7362	73 {Kumamoto, H.....	1,482 00	1,455 00		
	9351	{Kumamoto, T.....				
	7361	74 {Kumamoto, K.....	701 00	688 00		
	7360	{Kumamoto, T.....				
	9587	55 Kusano, K.....	430 00	422 00		

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
9587	55	Kusano, K.	2,241 00	2,200 00		x
9588	161	Maehara, K.	500 00	491 00		
4652	162	Maehara, M.	1,110 00	1,090 00		
7004	287	Makino, M.	1,300 00	1,276 00		
5282	285	Matsume, T.	1,100 00	1,080 00		
2001	199	Matsuo, K.	755 00	741 00		
2633		Matsuo, S.				
8674	209	Matsuoka, T.	1,443 00	1,417 00		
8677	686	Miyasaki, M.	3,345 00	3,284 00		
5285	261	Matsunie, I.	484 00	475 00		
5402	284	Matsumoto, Y.	419 00	411 00		
7350	36	Mende, S.	131 00	129 00		
3445	346	Miki, Y.	939 00	922 00		
4836	270	Mishima, T.	1,000 00	982 00		
4831		Miyake, T.				
4830	264	Miyake, N.	402 00	395 00		
2757	210	Mitani, H.	997 00	979 00		
3401	320	Miyanaga, Y.	765 00	751 00		
3403		Miyanaga, Mrs. K.				
8797	130	Morishige, F.	503 00	494 00		
3360	130	Nishikawa, S.	722 00	709 00		
6956	290	Mochizuki, N.	2,258 00	2,217 00		
6984	286	Mochizuki, S.	2,074 00	2,036 00		
7366	248	Morikawa, K.	3,156 00	3,099 00		
8680	193	Morikawa, M.	1,577 00	1,548 00		
8682		Morikawa, F.				
7351	42	Mukai, O.	2,384 00	2,341 00		
7351	42	Mukai, O.	590 00	579 00		
3409	354	Mukaida, K.	2,558 00	2,512 00		
3409	354	Mukaida, K.	237 00	233 00		
7375	71	Mukuda, N.	894 00	878 00		x
Int. 201	363	Nabeta, M.	212 00	208 00		
4796		Nabuto, F. Mrs.				
4832	157	Nabuto, K.	466 00	458 00		x
6977		Yoshihara, I.				
6972	307	Yoshihara, R.	1,000 00	982 00		
12001	256	Nagao, M.	1,728 00	1,697 00		
7354	69	Nakahara, H.	2,405 00	2,362 00		
6928		Nakamura, M.				
13467	322	Nakamura, H.	2,187 00	2,147 00		
7367	66	Nakano, A.	1,000 00	982 00		
7368	122	Nakano, A.	818 00	803 00		
5975	43	Nakano, J.	2,913 00	2,560 00		
5974	43	Nakano, J.	Included above	300 00		
7377	57	Nakano, S.	770 00	756 00		
7364	67	Nakano, Y.	1,249 00	1,226 00		
7372	41	Nakata, Y.	572 00	562 00		
10457		Namba, A.				
13949	281	Namba, S.	2,482 00	2,437 00		
1927	274	Namba, M.	207 00	203 00		
5821	343	Nikaido, M.	644 00	632 00		
8047	352	Natsuhara, K.	2,363 00	2,320 00		
3955	65	Nishimoto, K.	250 00	246 00		
2839		Odaguchi, F.				
2843	247	Odaguchi, F.	598 00	587 00		
8685	318	Odamura, T.	2,955 00	2,902 00		
8689	277	Odamura, T.	47 00	46 00		
8687		Odamura, T.				
8688	317	Odamura, N.	304 00	299 00		
5230	367	Ogawa, S.	53 00	52 00		
8802	341	Ogawa, Y.	1,343 00	1,319 00		
5972		Ohta, Y.				
8676	308	Miyamota, S.	1,050 00	1,031 00		
8695	39	Oike, K.	3,454 00	3,392 00		
4837	242	Oka, S.	1,300 00	1,276 00		
4838		Oka, T.				
4841	283	Oka, M.	1,900 00	1,866 00		
5003	11	Okabe, K.	1,139 00	1,118 00		
8692	305	Okada, T.	1,051 00	1,032 00		
8666		Karatsu, N.				
4222	95	Okahashi, M.	133 00	131 00		x
2837	186	Okano, K.	2,404 00	2,360 00		
5278	255	Okano, M.	210 00	206 00		
6974		Oki, H.				
6970	243	Oki, T.	1,579 00	1,551 00		

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
	6970	219 Oki, T.	48 00	47 00		
	4980	357 Okubo, F.	947 00	930 00		
	8699	4 Omura, S.	600 00	589 00		
	8698	5 Omura, S.	3,010 00	2,955 00		
	2835	163 Onagi, K.	750 00	736 00		
	9214	115 Mori, H. Mrs. (formerly Ooto)	330 00	324 00		
	2543	212 Osato, S.	1,812 00	1,779 00		
	4835	100 Ozamoto, M.	995 00	977 00		
	6991	316 Ryoji, K.	1,405 00	1,380 00		
	10105	103 Sakaki, T.	100 00	98 00		
	7359	59 Sakamoto, M.	268 00	263 00		
	7374	58 Sano, S.	2,145 00	2,106 00		
	3419	460 Sawada, T.	986 00	968 00		
	7369	10 Sawayama, G.	847 00	832 00		
Int.	879	304 Seko, S.	1,324 00	1,300 00		
	6989	214 Seo, M.	363 00	356 00		
	2887	38 Seto, M.	1,415 00	1,389 00		
	3370	362 Shigemi, T.	901 00	885 00		
	2797	159 Shimizu, J.	2,028 00	1,991 00		
	11297	129 Shimoda, K.	507 00	498 00		x
	8815	351 Shimizu, R.	276 00	271 00		
	8703	258 Shimoji, S.	918 00	901 00		
	9327	276 Shimoji, K.	900 00	884 00		
	9401	123 Shin, S. Z.	1,861 00	1,827 00	227 00	
	9402	311 Shin, Y.	752 00	738 00		
	6993	282 Shishido, E.	1,000 00	982 00		
	3417	360 Shono, K.	699 00	686 00		
	12276	365 Shoji, G. Y.	1,305 00	1,281 00	123 28	
Int.	1347	147 Sunada, T.	96 00	95 00		
	6161	Tada, G.	505 00	496 00		
	8706	Tada, T.				
	5453	378 Tahara, R.	1,260 00	1,237 00		
	1496	415 Tahara, T.	102 00	100 00		
	11617	185 Takagi, D.	525 00	516 00		
	4971	40 Takahashi, R. K.	1,116 00	1,096 00	84 00	
	8710	275 Takasaki, S.	1,200 00	1,178 00		
	8710	275 Takasaki, S.	260 00	255 00		
	7357	15 Takashima, T.	1,300 00	1,277 00		
	8003	60 Takashima, Y.	240 00	236 00		
	6409	70 Takashita, T.	2,184 00	2,145 00		
	9612	134 Takeuchi, M.	468 00	460 00		
	9410	133 Takeuchi, Y.	833 00	818 00		
	9405	155 Takiguchi, H. (Mrs.)	495 00	486 00		
	9405	126 Takiguchi, H.	179 00	176 00		
	8714	101 Takimoto, Y.	Nil	Nil		x
	6661	158 Kakumasu, S.	274 00	269 00		
	6968	215 Tamura, J.	2,161 00	2,122 00		
	5280	Tamura, M.	2,130 00	2,091 00		
	5316	Tamura, Y.				
	5279	Tamura, M.	676 00	664 00		
	5286	Tamura, T.				
	4840	273 Tanaka, S.	750 00	736 00		
	4840	273 Tanaka, S.	522 00	513 00		x
	4840	273 Tanaka, S.	1,797 00	1,765 00		
	4844	272 Tanaka, Y.	1,125 00	1,105 00		
	4845	271 Tanaka, M.	196 00	192 00		
	5287	262 Taniguchi, R.	2,572 00	2,525 00		
	5287	262 Taniguchi, R.	96 00	94 00		
	6978	241 Tateishie, T.	295 00	290 00		
	5958	52 Tazumi, A.	1,200 00	1,178 00		
	5958	52 Tazumi, A.	175 00	172 00		
	2925	379 Tokuyasu, Y.	388 00	381 00		
	4220	102 Teramura, N.	930 00	913 00		
	2852	152 Tomita, M.	1,012 00	994 00		
	3399	Ikeda, Y.	488 00	479 00		
	3411	Tsuji, T.				
	3411	Tsuji, T.	605 00	594 00		
	13554	37 Tsujiura, T.	336 00	330 00		x
	9321	160 Tsuyuki, I.	434 00	426 00		
	9621	132 Uchimar, I.	1,219 00	1,197 00		
	4821	323 Uchimar, K.	174 00	171 00		
	9416	Umet, K.	1,088 00	1,068 00		x
Int.	1414	Umet, T.				
	4842	189 Ura, I.	1,265 00	1,242 00		
	4839	206 Utsonomiya, G.	1,750 00	1,718 00		
Int.	366	124 Uyeno, H.	563 00	553 00		
	3366	380 Wada, K.	293 00	288 00		



File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
4823	392	Wakahara, S.	1,580 00	1,551 00		
13057	97	Wakayama, K.	2,726 00	2,677 00		
5451	364	Yakashiro, T.	1,514 00	1,487 00		
5451	356	{ Yakashiro, T.	1,222 00	1,200 00		
3405		{ Taniguchi, K.				
6660	253	Yamaga, Y.	1,614 00	1,585 00		
7371	44	Yamamoto, K.	50 00	49 00		
7371	44	Yamamoto, K.	50 00	49 00		
7370	62	Yamamoto, R.	1,416 00	1,390 00		
11243	207	Yamamoto, T. now Taku, T.	685 00	673 00		
8716	278	Yamamoto, U.	2,080 00	2,042 00		
8717	139	Yamasaki, N.	590 00	579 00		
6992	315	{ Yamasaki, G.	738 00	725 00		
12228		{ Yoshizaki, Y.				
6663	165	{ Yokoyama, A.	1,028 00	1,009 00		
6664		{ Yokoyama, T.				
6662	218	Yokoyama, T.	755 00	741 00		
6976	291	Yoneyama, R.	1,420 00	1,394 00		
8719	312	Yoshida, G.	978 00	960 00		
8721	208	Yoshida, M.	2,765 00	2,715 00		
5288	190	Yoshida, Y.	1,681 00	1,651 00		
6975	104	Yoshida, E.	1,925 00	1,890 00		
6972	691	Yoshihara, R.	3,689 00	3,622 00		
7383	99	Yoshikawa, S.	1,550 00	1,522 00		
Int. 1357	257	Yoshino, K.	1,705 00	1,674 00		
10660	9	Yoshioka, A.	1,822 00	1,789 00		
7373	8	Yoshioka, K.	1,376 00	1,351 00		
376	231	Aratake, S.	943 00	926 00		
5995	228	Adachi, Y.	431 00	423 00		
5994	205	Amano, S.	475 00	466 00		
9364	109	Endo, T.	1,081 00	1,061 00		
3941	244	Eto, S.	2,887 00	2,835 00		
5989	227	Fugikawa, S.	1,255 00	1,232 00		
5990	202	Fugikawa, G.	980 00	962 00		
6685	266	Handa, M.	78 00	76 00		
5988	743	Haraga, M.	1,246 00	1,223 00		
4965	18	Hinatsu, Y.	870 00	854 00		
5977	191	Morizaki, F.	1,694 00	1,663 00		
13930	678	Imamura, K.	1,009 00	991 00		
13930	678	Imamura, K.	1,649 00	1,619 00		
4988	295	Imamura, K.	389 00	382 00		
4498	293	Inouye, S.	840 00	825 00		
4618	112	Kamimura, K.	1,379 00	1,354 00		
4528	301	Katsura, S.	1,251 00	1,228 00		
5983	340	Kawana, Y.	2,094 00	2,056 00		
Int. 305	234	Kinoshita, M.	485 00	476 00		
4619	200	Kodama, S.	2,114 00	2,076 00		
13387	265	Kunimoto, S.	1,639 00	1,609 00		
5981	245	Kusano, A.	1,653 00	1,623 00		
8652	252	{ Maruyama, S.	726 00	713 00		
3961		{ Maruyama, S.				
4530	269	Masuda, S.	797 00	783 00		
5979	221	Matsui, K.	1,385 00	1,360 00		
6624	203	Matsumoto, S.	340 00	334 00		
8675	238	Matsuoka, H.	738 00	725 00		
4524	679	Miki, M.	2,555 00	2,509 00		
3945	251	Mimura, T. J.	656 00	644 00		
4506	225	Miyasaki, S.	2,255 00	2,214 00		
7366	248	Morikawa, K.	998 00	980 00		
4990	294	Morikawa, T.	1,007 00	989 00		
5976	233	Murakami, H.	450 00	442 00		
3957	298	Nakamura, S.	1,250 00	1,227 00		
3955	65	Nishimoto, K.	2,942 00	2,889 00		
4512	267	Noda, G.	192 00	189 00		
4512	267	Noda, G.	1,075 00	1,055 00		
Int. 4496	237	{ Ogata, K.	2,224 00	2,184 00		x
1268		{ Nakagawa, G.				
4226	239	Oka, U. (Mrs.)	488 00	479 00		
7832	250	Orida, I.	620 00	609 00		
3949	249	Orida, M.	663 00	651 00		
4991	300	Oye, C.	2,100 00	2,062 00		
9310	260	Saito, T.	792 00	778 00		
5577	222	Sameshima, M.	1,892 00	1,858 00		
5964	223	Sasaki, R.	3,278 00	3,219 00		
7038	174	Sato, S.	1,555 00	1,527 00		
5184	204	Shikaze, Y.	390 00	382 00		

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
	5436	204 Shikaze, Y.....	292 00	287 00		
Int.	713	121 {Shirakawa, T.....				
	4602	Inaba, M.....	1,826 00	1,793 00		x
	5961	230 Sugiyama, K.....	1,849 00	1,816 00		
	4653	302 Tahara, S.....	726 00	713 00		
	4500	303 Taise, H.....	812 00	797 00		x
	5531	292 Tajiri, K.....	475 00	466 00		
	8708	201 Takake, K.....	610 00	600 00		
	7040	324 Tanaka, T.....	456 00	448 00		
	4504	319 Taniyama, S.....	921 00	940 00		
	14885	{Tateishi, I. (Dec'd).....				
	3941	226 Eto, S.....	672 00	660 00		x
	5000	Okabe, T.....				
	13386	259 Tsutsumi, H.....	2,067 00	2,030 00		
	4502	299 Tsutsumi, M.....	1,226 00	1,204 00		
	14041	296 Yamada, S.....	2,370 00	2,327 00		
	13385	240 Yamamoto, I.....	1,340 00	1,316 00		
	5044	268 Yamamoto, K.....	800 00	785 00		
	13142	235 Yamamoto, S.....	1,795 00	1,762 00		
	5582	232 Yanoshita, S.....	470 00	461 00		
	5953	229 Yasumatsu, K.....	2,453 00	2,409 00		
Int.	725	297 Yonemitsu, K (In U.S.A.).....	1,555 00	1,527 00		
	3965	371 Abo, K.....	735 00	722 00		
	8052	333 Akaye, K.....	161 00	158 00		x
	3333	335 Chiba, K.....	245 00	241 00		
	8653	394 Eto, B.....	1,136 00	1,115 00		
	3967	370 Eto, K.....	1,732 00	1,701 00		
	3967	370 Eto, K.....	453 00	455 00		
	6642	332 Fujimoto, M.....	1,659 00	1,629 00		
Int.	1276	{Ishikawa, J.....				
	7384	Ishikawa, I.....	200 00	196 00		
	8646	327 Kinoshita, S.....	1,483 00	1,456 00		
	3923	328 Fukumoto, K.....	1,290 00	1,267 00		
	10225	330 Kamachi, O.....	1,000 00	982 00		
	3959	334 Kinoshita, K.....	1,263 00	1,240 00		
	3959	334 Kinoshita, K.....	50 00	49 00		x
	13004	326 Kinoshita, K.....	465 00	456 00		
	13004	326 Kinoshita, K.....	110 00	108 00		
	3921	676 Kitagawa, M.....	2,080 00	2,042 00		
	9053	744 Masuhara, A.....	1,030 00	1,011 00		x
	8650	381 Mochizuki, T.....	569 00	559 00		
	11544	373 Morishita, N.....	2,654 00	2,606 00		
	3119	339 Nagara, G.....	182 00	179 00		
	8648	406 Nako, H.....	1,867 00	1,833 00		
	11519	329 Nishiguchi, M., Co. Ltd.....	120 00	118 00		x
	11519	329 Nishiguchi, M., Co. Ltd.....	660 00	648 00		x
	11519	329 Nishiguchi, M., Co. Ltd.....	1,023 00	1,005 00		x
	3963	372 Nitta, A.....	1,481 00	1,454 00		
Int.	1377	337 Oseki, N.....	300 00	295 00		
	1656	338 Oshiro, E.....	174 00	171 00		
	8981	325 Ota, U.....	496 00	487 00		
	9072	355 Oyama, S.....	1,833 00	1,800 00		
	8645	393 Sakamoto, Y.....	750 00	736 00		
	11415	382 Shibata, C.....	607 00	596 00		
	3947	404 Shigehiro, O.....	986 00	968 00		
	3943	369 Takaoka, H.....	1,312 00	1,288 00		
	3953	368 Takeda, F.....	2,242 00	2,201 00		
	3953	368 Takeda, F.....	1,173 00	1,152 00		
	3969	331 Yokoyama, M.....	1,495 00	1,468 00		
	7551	719 Asano, M.....	111 00	109 00		
	8786	692 Fujino, B.....	1,021 00	1,002 00		
	5401	63 Fujishige, T.....	546 00	536 00		
	4939	587 Furutani, C.....	1,915 00	1,880 00		
	8630	652 Goto, B.....	589 00	578 00		
Int.	1298	717 Goto, M.....	56 00	55 00		
	5612	588 Goto, T.....	425 00	417 00		
	8644	650 Goto, Y.....	23 00	23 00		
	8644	650 Goto, Y.....	1,567 00	1,539 00		
	13566	718 Goto, Y.....	598 00	587 00		
	4891	553 Hamanishi, S.....	121 00	119 00		
Int.	959	641 Hashimoto, Y.....	46 00	45 00		
	4938	434 Hikida, K.....	3,284 00	3,225 00		
	5592	590 Ibuki, M.....	2,411 00	2,367 00		
	12519	591 Ikeda, T.....	94 00	92 00		
	6897	646 Inaba, T.....	1,910 00	1,875 00		
	4942	673 Inaba, Y.....	1,285 00	1,262 00		
	4931	674 Kamada, T.....	1,728 00	1,697 00		

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
7545	439	Katsumi, K.	56 00	55 00		
8633	663	Kawata, T.	1,836 00	1,803 00		
13763	693	Koizumi, Y. (Dec'd.)	1,720 00	1,689 00		x
8643	716	Maruyama, T.	1,045 00	1,026 00		
6895	647	Miyazaki, S.	613 00	602 00		
8621		{Mukai, Y.				
6183}	648	{Mukai, K.	780 00	766 00		
8640	694	Naga, H.	1,380 00	1,355 00		
5591	665	Nagamori, M.	1,610 00	1,581 00		
5599	664	Nagasaka, K.	2,066 00	2,029 00		
8051		{Nishiyama, T.				
7635}	593	{Nishiyama, M.	2,634 00	2,586 00		
4588}		{Nishiyama, Y.				
8632	640	Note, K.	269 00	264 00		
4948	651	Oikawa, E.	240 00	236 00		
5613	608	Oikawa, H.	183 00	180 00		
3377	635	Oikawa, T.	144 00	141 00		
5590	715	Oikawa, U.	1,601 00	1,572 00		
8639	666	Okabe, K.	1,963 00	1,927 00		
1654		{Onotera, H.				
5127}	594	{Onotera, T.	626 00	615 00		
8617	634	Otsuki, N.	5,533 00	5,433 00		
10352	595	Oyakawa, T.	2,845 00	2,793 00		
8626	714	Sakai, S.	1,206 00	1,184 00		
5125	632	Sakurai, S.	190 00	187 00		
7544	606	Sakurai, S.	474 00	465 00		
8631	596	Sano, N.	1,775 00	1,743 00		
6896	631	Saruwatari, H.	1,241 00	1,219 00		
8629	667	Sato, K.	2,337 00	2,295 00		
5598	607	Sasaki, K.	652 00	640 00		
8638	695	Sato, M.	524 00	514 00		
8635	668	Shudo, S.	447 00	439 00		x
Int. 190	712	Sugawara, U.	47 00	46 00		
4944	669	Sumioka, T.	926 00	909 00		
5607	552	Suzuki, G.	285 00	280 00		
4945	670	Suzuki, K.	1,394 90	1,369 00		
4945	670	Suzuki, K.	384 00	377 00		
5602		{Suzuki, S.				
5557}	598	{Suzuki, J.	418 00	410 00		
11499	633	Suzuki, T.	1,967 00	1,931 00		
7540	713	Suzuki, G.	116 00	114 00		
8625	599	Tagushi, K.	376 00	369 00		
4893	630	Takahashi, K.	242 00	238 00		
8620	711	Takahashi, S.	791 00	777 00		
1894	601	Takata, H. Y.	681 00	669 00		
8634	675	Takahashi, T.	1,013 00	995 00		
8623	671	Takayama, Y.	1,287 00	1,264 00		
5148	628	Takahashi, S.	948 00	931 00		
8636	710	Takenaka, S.	1,042 00	1,023 00		
9518	600	Tamaki, F.	2,057 00	2,020 00		
9518	600	Tamaki, F.	269 00	264 00		
9518	600	Tamaki, F.	94 00	92 00		
8618	672	Uno, A.	1,908 00	1,873 00	97 00	
1718	629	Ura, T.	148 00	145 00		
4926		{Wakai, S.				
4889}	602	{Wakai, C.	1,786 00	1,754 00		
5421	29	Yanoshita, T.	45 00	44 00		
4928	709	Yukawa, Y.	1,011 00	993 00		
8642	554	Yukawa, Y.	1,380 00	1,355 00		
5606	402	Enta, T.	1,459 00	1,433 00		
7531	437	Fujii, Y.	606 00	595 00		
3839	445	Fujiki, H.	683 00	671 00		x
13800	397	Fujinami, S.	42 00	41 00		
4929	568	Fukunaga, G.	445 00	437 00		
6893	485	Fukushima, T.	1,112 00	1,092 00		
7882	621	Hasebe, Y.	53 00	52 00		x
9831	435	Hashimoto, N.	222 00	218 00		
10034	589	Higa, K.	2,115 00	2,077 00		
4938	434	Hikida, K.	1,476 00	1,449 00		
3841	477	Hirasawa, T.	2,421 00	2,377 00		
4890	547	Hirose, A.	36 00	35 00		
4940		{Hirose, T.				
4941}	572	{Hirose, C.	621 00	610 00		
10036	906	Honda, G.	575 00	565 00		
3912	413	Hoshiko, T.	1,476 00	1,449 00		
3912	413	Hoshiko, T.	55 00	54 00		

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
	3885	436 Ikeda, G.....	308 00	302 00		
	6775	440 Imahashi, I.....	2,026 00	1,989 00		
	6906	471 Imahashi, T.....	3,693 00	3,626 00		
	5080	441 Imamasu, H. Y.....	376 00	369 00		
	4979	433 Inokuchi, Y.....	1,650 00	1,620 00		
	8788	653 Inouye, Z.....	3,980 00	3,908 00		
	10039	638 Ioki, H.....	679 00	667 00		
	3875	401 Ito, G.....	1,041 00	1,022 00		
	4240	399 Ito, K.....	228 00	224 00		
	4242	398 Ito, S.....	3,777 00	3,709 00		
	6894	443 Kado, S.....	1,101 00	1,081 00		
	13495	444 Kado, S.....	382 00	375 00		x
	4935	438 Kanai, F.....	3,750 00	3,682 00		x
	11862	494 Kato, T.....	296 00	291 00		
	7545	439 Katsumi, K.....	617 00	606 00		
	6916	414 Kimura, T.....	225 00	221 00		
Int.	799	637 Kimura, S.....	472 00	463 00		
Int.	1249	Imahori, K.....				
	3845	442 Kosugi, U.....	1,060 00	1,041 00		
	6910	468 Kubodera, Y.....	1,430 00	1,404 00		
	7558	499 Kurahara, C.....	502 00	493 00		
	3851	478 Kurio, K.....	95 00	93 00		
	3851	478 Kurio, K.....	799 00	785 00		
	6892	403 Maeno, K.....	1,870 00	1,836 00		
	3877	448 Maruno, T.....	1,325 00	1,301 00		
	3881	745 Mori, S.....	661 00	649 00		
	7719	569 Morimoto, S.....	550 00	540 00		
	6903	644 Morioka, K.....	3,373 00	3,312 00		
	4236	576 Mototsune, K.....	387 00	380 00		
	3873	Mototsune, T.....				
	7532	461 Naganobu, C.....	1,159 00	1,138 00		
	6904	643 Nakamura, H.....	2,992 00	2,938 00		
	3847	432 Nakamura, J.....	260 00	255 00	80 00	
	3847	432 Nakamura, J.....	245 00	241 00		
	6899	475 Nakamura, S.....	1,600 00	1,571 00		
	13433	546 Nakano, S. S.....	299 00	294 00		
	10203	329 Nishiguchi, M.....	3,822 00	3,753 00		
	6366	573 Nishihata, J.....	757 00	743 00		
	9602	498 Nishioka, S.....	3,513 00	3,449 00		
	7041	574 Nobuhara, Z.....	821 00	806 00		
	3320	579 Obana, E.....	150 00	147 00		
	8555	578 Obana, K.....	525 00	516 00		
	4943	508 Oho, M.....	1,994 00	1,958 00		
	4936	446 Oho, Y.....	214 00	210 00		
	1652	577 Onishi, E.....	225 00	221 00		
	8980	487 Onishi, T.....	1,045 00	1,026 00		
Int.	1186	400 Ono, S.....	1,114 00	1,094 00		
Int.	1186	405 Ono, S.....	1,357 00	1,232 00		
	3628	482 Onodera, K.....	1,060 00	1,041 00		
	5615	469 Osaka, G.....	178 00	175 00		
	3769	470 Otani, T.....	250 00	246 00		
	8982	450 Otsuki, S.....	3,346 00	3,286 00		
	4626	450A Otsuki, T.....	669 00	657 00		
	7528	449 Riujin, M.....	737 00	724 00		
	6902	583 Sano, S.....	1,618 00	1,589 00		
	3835	506 Sassa, T.....	800 00	785 00		
	3887	482 Sato, A.....	1,278 00	1,255 00		
	7536	476 Sato, T.....	3,579 00	3,514 00		
	3918	412 Shigehiro, S.....	1,114 00	1,094 00		
	7538	597 Shimamoto, T.....	418 00	411 00		
	2298	488 Shinmoto, S.....	1,064 00	1,045 00		
	6908	483 Shinohara, K.....	1,587 00	1,558 00		
	1506	486 Shintani, N.....	346 00	340 00		x
	3891	571 Sunada, N.....	1,314 00	1,290 00		
	3914	545 Takahashi, M.....	565 00	555 00		
	14856	447 Tamaki, K.....	50 00	49 00		
	14856	447 Tamaki, K.....	32 00	42 00		
	3879	642 Tanaka, G.....	650 00	638 00		
	8782	636 Tanizaki, M.....	1,000 00	982 00		
	4937	740 Tashima, H.....	1,342 00	1,318 00		
	3853	575 Tomita, H. (In trust).....	1,402 00	1,377 00		
Int.	906	481 Tsuchida, S.....	1,194 00	1,173 00		
	8780	680 Tsuchimoto, Y.....	525 00	515 00		
	4930	480 Tsukishima, H.....	816 00	801 00		
	10156	581 Tsumura, A.....	143 00	140 00		
	7424	462 Tsumura, C.....	1,641 00	1,611 00		



File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
5614	544	Ujiye, F.....	824 00	809 00		
3837	507	Ujiye, S.....	179 00	176 00		
8781	510	Urano, S.....	1,611 00	1,582 00		
6900	540	Watanabe, T.....	1,488 00	1,461 00		
11116	472	Watanabe, U.....	3,037 00	2,982 00		
7527	463	Yamasaki, S.....	116 00	114 00		
7527	463	Yamasaki, S.....	691 00	678 00		x
5447	570	Yamashita, M.....	1,617 00	1,588 00		
3889	484	Yasui, S.....	691 00	678 00		
12336	479	Yoshioka, Y.....	270 00	265 00		
3783	422	Fujii, H.....	750 00	736 00	64 00	
3783	422	Fujii, H.....	1,741 00	1,710 00	140 34	
3362	396	Hinatsu, K.....	2,492 00	2,447 00		
4064	429	Hirashima, Y.....	892 00	876 00		
10465	428	Hosaka, C.....	985 00	967 00		
7363	424	Ito, M.....	373 00	366 00		
10657	453	Kaita, K.....	241 00	237 00		
3765	464	Kaita, S.....	778 00	764 00		
8664	431	Kaita, T.....	1,200 00	1,178 00		
8664	431	Kaita, T.....	284 00	279 00		
4218	455	Kamiya, J.....	1,024 00	1,005 00		
3830	430	Katsumoto, J.....	775 00	761 00		
4603	417	Kishiyama, K.....	700 00	687 00		
10987	420	Kitagawa, S.....	614 00	603 00		x
4216	454	Kobayashi, S.....	727 00	714 00		
4206	423	Minaki, K.....	800 00	785 00		
7380	388	Miyada, Y.....	883 00	867 00		
8679	419	Mori, K.....	1,465 00	1,439 00		
7281	383	Nagamatsu, D.....	2,723 00	2,674 00		
8684	421	Nagamatsu, G.....	775 00	761 00		
1540	427	Nagamatsu, N.....	550 00	540 00		x
7379	418	Nagamatsu, S.....	93 00	91 00		
1482	426	Nagamatsu, T.....	1,224 00	1,202 00		
4202	384	Nishizawa, U.....	600 00	589 00		
4200	411	Nishiziki, T.....	809 00	794 00		
4198	416	Osaki, K.....	852 00	837 00		
1720	395	Osato, F. S.....	838 00	823 00		
4249	459	Saito, S.....	1,163 00	1,142 00		
4247		Saito, T.....				
8273	387	Saito, S.....	775 00	761 00		
5969	385	Sakamoto, K.....	2,089 00	2,051 00		
4235	425	Suzuki, S.....	1,238 00	1,216 00		
4235	425	Suzuki, S.....	363 00	356 00		
4233	410	Tatsumi, S.....	850 00	835 00		
4231	457	Teramura, C.....	422 00	414 00	114 00	
3663		Teramura, K.....				
4209	458	Umemoto, Y.....	83 00	82 00		
5002	677	Yamada, K.....	3,001 00	2,947 00		
5005	456	Yamada, Y.....	421 00	413 00		
5004	389	Yamasaki, I.....	790 00	775 00		
10835	557	Doi, T.....	1,800 00	1,767 00		
3293	474	Ebata, G.....	3,100 00	3,004 00		
741	732	Fujino, M.....	80 00	79 00		
3319	733	Fukushima, J.....	2,066 00	2,029 00		
12136	528	Furukawa, S.....	1,009 00	982 00		
1396	525	Hamamoto, U.....	1,350 00	1,326 00		x
6643	734	Hamaura, M.....	2,081 00	2,043 00		
12252	533	Hashimoto, Y.....	700 00	687 00		
3385	519	Hayashi, E.....	600 00	589 00		
4967	515	Hayashi, R.....	1,998 00	1,962 00		
4970	566	Hikida, M.....	1,800 00	1,767 00		
4973	561	Hikida, T.....	1,198 00	1,176 00		
3308	703	Hikida, Y.....	355 00	349 00		
1467		Yasui, U.....				
2915		Shirakawa, K.....				
7039		Takahashi, G.....				
3308		Hikida, Y.....				
Int. 1401	491	Yoshida, S.....	3,828 00	3,759 00		x
11275		Koshiba, T.....				
7039		Takahashi, G.....				
3308		Hikida, Y.....				
Int. 1401	491	Yoshida, S.....	1,006 00	988 00		x
11275		Koshiba, T.....				
7039		Takahashi, G.....				
3429	620	Hirata, I.....	1,712 00	1,681 00		
1755	562	Hirose, T.....	201 00	197 00		

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
	6646	735 Hommura, K.....	133 00	131 00		
	1444	493 Nakamura, G.....	1,000 00	982 00		
	4972	524 Kawabata, B.....	1,200 00	1,178 00		
	1608	736 Kawamoto, C.....	137 00	134 00		
	5552	543 Kawase, T.....	10,568 00	10,377 00		
	2304	548 Kobayashi, K.....	3,100 00	3,044 00		
	691	555 Kochi, Y.....	500 00	491 00		
	1786	707 { Komori, H.....	1,779 00	1,747 00		x
	1758	{ Komori, F.....				
	9943	{ Komori, M.....	3,419 00	3,357 00		
	1785	{ Komori, T.....				
	5133	565 Konishi, I.....	2,650 00	2,602 00		
Int.	484	517 Koyanagi, R.....	253 00	253 00		
	5448	737 Koyanagi, S.....	84 00	82 00		
	2296	505 Kumagai, S.....	1,793 00	1,761 00		
	4976	527 Matsuba, S.....	1,105 00	1,085 00		
	4585	{ Miyamoto, M.....	675 00	663 00		
	10056	{ Miyamoto, H.....				
	14369	514 Mineoka, T.....	2,026 00	1,989 00		
	4969	{ Mori, M.....	2,350 00	2,307 00		
	4975	{ Mori, K.....				
	4489	{ Mori, S.....				
	7294	662 Mori, T.....	80 00	79 00		
	3465	738 Motomura, K.....	80 00	79 00		
	3917	549 Murakami, A.....	2,945 00	2,892 00		
	661	536 Murakami, I.....	575 00	565 00		
	661	536 Murakami, I.....	896 00	880 00		
	13720	537 Murakami, K.....	1,407 00	1,382 00		
	689	645 Myzuguchi, D.....	80 00	79 00		
	9062	656 Nakade, S.....	650 00	638 00		x
	5551	559 Nakane, M.....	2,776 00	2,726 00		
	11009	518 Naruse, H. K.....	4,150 00	4,075 00		
	9208	564 Nishida, M.....	1,500 00	1,473 00		
	9208	564 Nishida, M.....	1,000 00	982 00		
	4966	541 Nishii, K.....	2,125 00	2,086 00		
	3919	525 Nishi, S.....	1,500 00	1,473 00		
	4997	534 Nishi, S.....	975 00	957 00		
	3919	{ Nishi, S.....	500 00	591 00		
	3859	{ Nishi, H.....				
	5156	542 Nishii, T.....	877 00	861 00		
	4968	535 Okamoto, H.....	218 00	214 00		
	4968	535 Okamoto, H.....	417 00	409 00		
	13542	539 Okimi, N.....	1,100 00	1,080 00		x
	8837	612 River Fish Co. Ltd.....	5,142 00	5,049 00		x
	8837	612 River Fish Co. Ltd.....	120 00	118 00		x
	8837	612 River Fish Co. Ltd.....	80 00	79 00		x
	6225	{ Sakiyama, F.....	850 00	835 00		
	4586	{ Sakiyama, K.....				
	5408	503 Sasaki, C.....	761 00	747 00		
	5408	509 Sasaki, G.C.....	1,135 00	1,114 00		
	13808	{ Sasaki, S.....	1,589 00	1,560 00		x
	1516	{ Sasaki, T.....				
	5963	504 Sasaki, S.....	1,391 90	1,366 00		
	1512	497 Sato, I.....	3,033 00	2,978 00		
	5571	558 Shiho, S.....	1,100 00	1,080 00		
	1739	516 Shimano, K.....	1,912 00	1,877 00		
	1743	{ Shimano, S.....	725 00	712 00		
	699	{ Shimano, M.....				
	4608	551 Shoji, T.....	875 00	859 00		
	9861	661 Saimoto, Y.....	1,640 00	1,610 00		
	5457	501 Suda, K.....	1,268 00	1,245 00		
	12885	532 Suzuki, Y.....	912 00	896 00		
	6684	550 Taguchi, K.....	925 00	908 00		
	11164	530 Takahashi, F.....	2,695 00	2,646 00		
	11929	502 Takeda, H.....	1,032 00	1,013 00		x
	13499	521 Teranishi, F.....	1,062 00	1,043 00		
	3389	739 Teshima, N.....	2,076 00	2,038 00		
	4974	538 Yamamoto, Y.....	1,927 00	1,892 00		
	4964	{ Yamamoto, Y.....	1,920 00	1,885 00		
	6095	{ Yamamoto, M.....				
	4229	531 Yoneda, H.....	1,300 00	1,277 00		
	1733	609 Yonemoto, G.....	1,500 00	1,473 00		
	4593	660 Yoshida, K.....	1,512 00	1,485 00		
Int.	1401	492 Yoshida, S.....	2,092 00	2,054 00		
Int.	1401	492 Yoshida, S.....	3,875 00	3,805 00		
Int.	722	{ Yoshisaki, Y.....	1,570 00	1,542 00		
	2315	{ Isomura, T.....				

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
9668}	306	{Tsuchihashi, G.....}	1,075 00	1,056 00		
11337}		{Yasuda, T.....}				
10583	236	Adachi, A.....	7,213 00	7,083 00		
Int. 1352	140	Nagamine, N.....	191 00	189 00		
5419	408	Nakashima, T.....	3,829 00	3,760 00		
5420	23	Shikaze, K.....	875 00	859 00		x
2312	407	Shikaze, M.....	1,440 00	1,414 00		
2877	114	Tateyama, I.....	2,867 00	2,815 00		
6623	409	Yamanouchi, K.....	467 00	459 00		
6623	409	Yamanouchi, K.....	1,543 00	1,515 00		
4647	465	Akagawa, Y.....	478 00	469 00	3,531 00	
Int. 422	452	Konishi, K.....	102 00	100 00		
12895	512	Kumagai, M.....	203 00	199 00		
12900	511	Kumagai, J.....	3,112 00	3,056 00		
1626	451	Matsushita, C.....	570 00	560 00		
11490	496	Mitsui, S.....	2,457 00	2,413 00		
4241	386	Sakamoto, M.....	450 00	442 00		
10021	466	Takahira, S.....	1,231 00	1,209 00		
1759	490	Takahira, F. R.....	169 00	166 00		
Int. 1342	495	Yasuzawa, S.....	50 00	49 00		
12995	742	Hamagaki, I.....	110 00	108 00		
1596	746	Kawasaki, M.....	1710 00	697 00		x
10873	748	Konishi, H.....	1,547 00	1,519 00		
10873	748	Konishi, H.....	Nil	Nil		x
10875	747	Konishi, S.....	750 00	736 00		x
10875	749	Konishi, S.....	196 00	193 00		
3441	741	Yamazaki, B.....	48 00	48 00		
768			865,672 00	849,999 00 3,818 22	3,818 22	61,552 00
768			865,672 00	853,817 22		
68			62,684 00	61,552 00		x
700			802,988 00	792,265 22		

## APPENDIX "B"

ADDITIONAL OFFER OF THE DIRECTOR, THE VETERANS' LAND ACT, FOR THE  
PURCHASE OF 42 PARCELS OF FARM LANDS FROM THE  
CUSTODIAN OF ENEMY PROPERTY

File No.	J.L.	Name	Appraisal	Sale Price	Increased	Withdrawn
			\$ cts.	\$ cts.	\$ cts.	
5427	925	Ayukawa, K. ....	708 00	694 00		
4611	918	Ayukawa, S. ....	1,434 00	1,405 00		
5437	921	Ikebuchi, T. ....	477 00	467 00		
5333		Hayashi, T. ....				
9781	920	Takahashi, Y. ....	752 00	737 00		
5580	912	Tomomitsu, H. ....	640 00	627 00		
5580	913	Tomomitsu, H. ....	123 00	121 00		
5581	919	Tsuji, S. T. ....	350 00	343 00		
3006	911	Yamada, S. ....	863 00	846 00		
9340	924	Nakashima, F. ....	935 00	916 00		
6909	917	Hinatsu, Y. ....	207 00	203 00		
4816	916	Ikeda, A. ....	345 00	338 00		
4983		Ikeda, R. ....				
4241	386A	Sakamoto, M. ....	584 00	572 00		
1534	799	Morisawa, N. ....	594 00	582 00		x
5511	759	Tamura, T. ....	1,127 00	1,104 00		
5452		Tamuka, K. ....				
9599	806	Nishimura, C. ....	1,052 00	1,031 00		
11357	804	Sakata, M. ....	867 00	850 00		
5201	803	Yoshida, C. ....	964 00	945 00		
5360	775	Nakashima, E. ....	550 00	539 00		
1362	771	Nagata, K. ....	746 00	731 00		
5959	902	Sumi, C. ....	1,454 00	1,425 00		
4996	762	Kato, F. T. ....	1,041 00	1,020 00		
Int. 1251	760	Uchiyama, T. ....	2,148 00	2,105 00		
Int. 1251	760	Uchiyama, T. ....	616 00	604 00		
4004	754	Tateishi, I. ....	1,616 00	1,584 00		
4952	894	Kobayakawa, M. ....	1,400 00	1,372 00		
Int. 1330		Kobayakawa, H. ....				
3273	781	Mikada, M. ....	1,576 00	1,544 00		
1364	782	Murakami, K. ....	1,310 00	1,284 00		
3277	784	Murakami, T. ....	1,008 00	988 00		
3277	784	Murakami, T. ....	177 00	174 00		
3269	780	Ito, N. ....	989 00	969 00		
3275	785	Murakami, M. ....	2,390 00	2,342 00		
3281	795	Okano, K. ....	2,986 00	2,926 00		
3281	795	Okano, K. ....	250 00	245 00		
2139		Okano, M. ....				
2137	801	Okano, J. S. ....	193 00	189 00		
5141	794	Minamide, B. ....	2,840 00	2,783 00		
5141	797	Minamide, B. ....	1,516 00	1,486 00		
5162		Minamide, M. ....				
5166	813	Nagata, K. ....	3,000 00	2,940 00		
5139	796	Sumi, K. ....	1,174 00	1,150 00		
5143	792	Sumi, J. K. ....	1,932 00	1,893 00		
5158	800	Kadonaga, T. ....	1,689 00	1,655 00		
2869	793	Sasaki, K. ....	661 00	648 00		
5164	814	Konishi, K. ....	200 00	196 00		
42			45,484 00	44,573 00	NIL	582 00
1			594 00	582 00		x
41			44,890 00	43,991 00		





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Standing Committee, 1947*

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(SESSION 1947)

(HOUSE OF COMMONS)

(STANDING COMMITTEE)

(ON)

# (PUBLIC ACCOUNTS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 8

TUESDAY, MAY 20, 1947

## WITNESSES:

- Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act;
- Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;
- Mr. F. G. Shears, Director Vancouver Office, and Mr. K. W. Wright, Counsel.





## MINUTES OF PROCEEDINGS

TUESDAY, May 20, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor, presiding.

*Members present:* Messrs. Beaudry, Burton, Cleaver, Cockeram, Cote (Verdun), Cloutier, Cruickshank, Dechene, Diefenbaker, Fleming, Fournier (Maisonneuve-Rosemont), Gladstone, Golding, Homuth, Isnor, Jaenicke, Johnston, Kirk, Marshall, Rinfret, Smith (Calgary West), Stewart (Winnipeg North), Stuart (Charlotte), Thatcher.

*In attendance:* Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act; Dr. E. H. Coleman, C.M.G., K.C., Custodian of Enemy Property; Mr. F. G. Shears, Director, Vancouver Office of the Custodian, and Mr. K. W. Wright, Counsel.

The Vice-Chairman presented the Third Report of the Steering Committee, which is as follows:

It was agreed:

1. That the next meeting of the Committee be called for today at 11.30 a.m.

2. That Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act, be heard today in connection with the purchase of properties in the Fraser Valley from the Custodian of Enemy Property, and their resale to veterans under the provisions of The Veterans' Land Act.

3. That should an application to appear before the Committee be received from the Co-Operative Committee on Japanese Canadians a convenient date be arranged for their hearing.

4. That the Steering Committee recommend that no invitations to appear before the Committee be extended to representative organizations or persons until applications have been received and considered by the Steering Committee.

On motion of Mr. Burton, the third report of the steering committee was concurred in.

The Committee resumed its investigation into the administration of the Vancouver office of the Custodian.

Mr. Shears filed a copy of the minutes of the Advisory Committee to the Custodian together with a copy of the correspondence exchanged between the Advisory Committee, the Custodian and the Director, Soldier Settlement and Veterans' Land Act, respecting the sale of 741 parcels of land.

Mr. Shears informed the Committee that certain typical individual files had been furnished the clerk of the Committee and were available to any member thereof for inspection.

Mr. Murchison was called, heard and questioned.

At 1 o'clock p.m. the Committee adjourned until Thursday, May 22, at 11.30 o'clock a.m.

A. L. BURGESS,  
Clerk of the Committee.





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
May 20, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Gentlemen, would you be good enough to come to order now, please. The first order of business is the report from the steering committee, unless Mr. Burton wishes to make his correction now.

Mr. BURTON: Mr. Chairman, as a member of the steering committee I wish to draw your attention to an error in the report of the last meeting of this committee. On page 148 where the acting chairman said "I am told that the members of the steering committee who received copies of the report were: Mr. Burton, Mr. Fleming, Mr. Gibson, Mr. Marshall and Mr. Stewart." I wish to draw the attention of the committee to the fact that the Mr. Stewart should be Mr. Stuart, the member for Charlotte not Mr. Stewart, the member for Winnipeg.

Mr. FLEMING: Mr. Chairman, there is one other error in the minutes at page 118. It is in connection with the question I asked of Mr. Shears, I am quoting his reference to the list of 17 properties on which spot valuations had been taken by the custodian's office in Vancouver, or at least the advisory committee. "I see of the 17 properties the offer in the case of 15 is higher than the appraisal and lower in only two cases". It is quite clear from what follows, Mr. Chairman, there are two errors. It should read "I see of the 17 properties the valuations by the custodian and the advisory committee in the case of 15 is higher than the appraisal of the Soldiers' Settlement Board and lower in only two cases".

The VICE-CHAIRMAN: Thank you Mr. Fleming. Now Mr. Burgess, would you be good enough to read the report of the steering committee.  
(See minutes of proceedings).

The VICE-CHAIRMAN: You have heard the reading of the report of the steering committee of the standing committee on Public Accounts, what is your pleasure?

Mr. CRUICKSHANK: Is it George Murchison or Gordon Murchison?

The VICE-CHAIRMAN: I think it would be Gordon. With that correction it is in order to move the adoption of the report.

Mr. BURTON: I would move the adoption of the report.

Mr. GOLDING: I second it.

The VICE-CHAIRMAN: The report is moved by Mr. Burton and seconded by Mr. Golding and is presented for approval.

Carried.

Mr. CRUICKSHANK: I would like to make a correction on the record before we start. It is a very minor one but on page 103 of the minutes I am reported as having said "Last year, we paid berry-pickers in the province of British Columbia as much as we received for the berries in the previous year". It should be "years".

The VICE-CHAIRMAN: Thank you Mr. Cruickshank. Gentlemen, before we call on Mr. Murchison, I wish to inform you that Mr. Shears has tabled certain minutes and correspondence as requested in the meeting of May 12. The correspondence will be available and obtainable in the clerks office at any future time. There is also a considerable number of files regarding individual cases. After Mr. Shears had consulted with the clerk and myself, I felt that I should have him place these before us and I was going to suggest to you that these be placed in the custody of the clerk for a period of a couple of weeks and they will be available for any member who might wish to look them over. They are all individual cases which have been dealt with and are now closed. Would you care to make any further statement in connection with them Mr. Shears?

Mr. SHEARS: Mr. Chairman, if I might have just a minute or two before dealing with those files. The matter of assessment has been mentioned on several occasions to this committee. A committee member disagreed with my statement in which I said there is an assessed valuation and a valuation for taxation purposes. I have had that checked up both in the municipalities of greater Vancouver and in Vancouver and I really find my statement is correct. The assessment figure in every case covers the full value of the property at which the real estate and improvements is valued by the assessor. Then, for taxation purposes, the full value of the land is taken and then a percentage, usually 50 per cent, is deducted. In that connection it simply amounts to a higher percentage as far as the mill rate is concerned. I would like to have it on the record that any time I have mentioned figures that the assessment, from the assessor's point of view, covers the full value of the property. There is just one other thing. I was asked if other assets were being administered in the Vancouver office, exclusive of the property of evacuees, and I said there were such assets being administered. I mentioned that there were some assets in the hands of liquidators but I find that I did not mention the amount to the credit of the enemy accounts in Vancouver. For the record these are the approximate figures for all assets now on hand. We are holding presently a credit to evacuee accounts of \$820,000; we hold bonds for evacuees of \$250,000; we have a credit to enemy accounts of \$1,150,000; we have bonds belonging to enemies of \$320,000; cash in the hands of liquidators amounts to \$250,000; bonds in the hands of liquidators amounts to \$560,000; outstanding payments not yet due on the sale of timber limits \$300,000; making an over-all total of \$3,650,000.

Then making reference to the files which are on the table before me I shall explain that I was asked to secure these various files from the Vancouver office in case members of the committee might like to see them and to see how the records are kept. There are files in connection with eight Japanese covering areas in Vancouver, New Westminster, Coquitlam, and Port Alberni. There is a file dealing with fishing vessels and a file dealing with chattels. In this particular case this is a file of one Japanese. It is in seven sections. I admit it is large but we have hundreds of files where the individual Japanese correspondence and the taking care of his affairs has needed files of that size. Files of that nature are quite average. Then, of course, there are a few which are relatively small, where the assets of the Japanese were not of very much consequence, that is in amount. Just for your information I would like to say this. These files where real estate in concerned have a section at the back in which the documents relative to real property are kept. For example there is the search of title, the search of the encumbrances, and the rental agreements. There is a statement regarding taxation, the sale, and all the documents relative thereto. They are all filed together in that particular section of the file. Then I would like also to mention that in the front of the file we have what we call



brief summaries of the complete file, using, as a matter of fact, different colours of paper. The white one is really a paper summary. It just gives a brief history of what will be found in the file relative to the administration of the property. That is to say it includes information as to how it was sold, to whom it was sold, and the basis of the sale, and what happens to the funds. Then there is another colour where we deal with fire insurance, and the question of liability. This file reveals no claim against the Japanese in this particular case. There is what is called the personal summary in the file which covers life insurance, accounts receivable and any shares and so on which he may have held. The yellow sheet is the chattel summary, which indicates the chattels that were left in the district, how they were handled and how they were disposed of finally. I thought I would just mention that so that if you were looking at these files the first thing would be to look at the summary at the top of the file. I may say that in some cases you will find that it states the Japanese has acknowledged receipt of the money that has been sent to him and in fact in quite a few cases the Japanese have expressed entire satisfaction with what the custodian has done on their behalf. I will admit that is not always so but there are quite a number of cases where the Japanese have expressed definitely their satisfaction in regard to the handling of their affairs. These files came to me and were immediately sent over to Mr. Burgess. I have not gone any further than just to look at them and to see the summaries on the top. I have not studied the files at all and so they come to me just as they will come to you as typical files which are in use in the Vancouver office.

Thank you, Mr. Chairman.

The VICE-CHAIRMAN: Thank you, Mr. Shears. Perhaps, gentlemen, I should explain these files are here today because of an inquiry made by members of the steering committee so that they would be available for study if required. Now is it your wish gentlemen to hear Mr. Murchison now?

Mr. FLEMING: Just before we go on to that, I take it Mr. Shears is going to be available for further questioning after we have heard from the Department of Veterans Affairs.

The VICE-CHAIRMAN: Yes, as Doctor Coleman stated at a recent meeting he will be available until the whole matter is cleared up.

### **Gordon Murchison, Director of the Soldiers' Settlement Board and the Veterans' Land Act, called:**

The WITNESS: Mr. Chairman, and gentlemen, I find myself in a room this morning with which I am fairly familiar, although I see some newer faces around the table. I have many happy recollections of meetings which I attended before parliamentary committees in this room and I am happy indeed this morning, Mr. Chairman, to have this opportunity of appearing before your committee. I hope that I may be able to clear up any doubts that may be in your minds as to the manner in which the responsibilities and the duties of the department which I have the honour to head were carried out with respect to Japanese property. In a matter of this importance, sir, I have felt it desirable that I prepare a statement for presentation here this morning which I think will give the committee a good idea of the main background upon which the activities were undertaken, together with an outline of the activities as they proceeded. I will, therefore, with your permission, Mr. Chairman, present this statement to you.



I do not know what other witnesses said to this Committee, because I was not present during their testimony nor have I had the time to read the records of your proceedings.

For these reasons it may be that some of the things I say will be largely a repetition of things you have already heard. But in order to present a cohesive outline of my association with the appraisal, the purchase and resale of lands formerly owned by people of the Japanese race, it is necessary for me to outline the background upon which these activities were undertaken.

At the time I was asked and empowered to take an inventory and carry out an appraisal of these Japanese lands, the coastal areas of B.C. were in a position of some peril. All over the world the war was going extremely well for our enemies.

In the Spring of 1942 there was considerable anxiety as a result of reports of Japanese activity in the North Pacific. Lieutenant-General K. Stuart, Chief of the General Staff, went to the Pacific coast and himself assumed the duties of General Officer Commanding-in-Chief Pacific Command.

The Japanese invaded the Aleutian Islands in June 1942, opening the offensive with air attacks on the American base at Dutch Harbour on 3rd and 4th June. They landed troops on the Islands of Kiska and Attu on 7th June and proceeded to set up defences and establishments there.

On 20th June shells fell on Canadian soil when an enemy submarine fired at the wireless station and light at Estevan Point, Vancouver Island. This naturally caused much anxiety on the west coast. In September Major-General G. R. Pearkes, V.C., formerly Commander of the 1st Canadian Division, returned from England and took over the appointment of G.O.C.-in-C. Pacific Command, relieving General Stuart.

During this period of danger units of the R.C.A.F. were sent forward to reinforce Alaska and took part in the air offensive which the United States air forces conducted against the Japanese in the Aleutians.

The threat to the Pacific coast was removed when United States forces recaptured Attu, after fierce fighting (May, 1943), and when a combined United States-Canadian expedition arrived at Kiska to find that the Japanese had evacuated the island (15th August, 1943).

These conditions did not impress me or responsible members of my staff that the spring months of 1942 was the time to take an optimistic view of the value of Pacific coastal real estate, Japanese or otherwise. I venture to say there was no man living who could accurately forecast how long the war would last nor what the precise outcome would be.

If I recall correctly approximately ten months elapsed between the time the decision was made to evacuate the Japanese people from the defence area—and the time the actual evacuation was completed.

I have some recollection of the difficulty in finding or providing housing for these people in other parts of Canada. In the meantime it became known that Japanese land owners—in the certain knowledge they would be obliged to leave the defence area, were making emergency rentals of their properties. Having regard to the uncertainty as to how long the war would last—and to the specialized type of agriculture for which these lands were being used by their owners—it appeared a practical certainty that future trouble was in the making if rental agreements or term sale agreements negotiated by the Japanese were not brought under control by competent authority. I might mention here that the British Columbia Security Commission lacked the authority to deal with this aspect, and the official custodian was not empowered to deal with the land until the owner had been actually evacuated.

I think this committee will have a better appreciation of some of the problems involved when I tell you that these Japanese farm properties averaged a little less than 14 acres in size and with an average of slightly more than 5

acres under cultivation. There were greenhouses with an aggregate of 450,216 square feet of glass, used mainly in the production of tomatoes and cucumbers. There were poultry houses sufficient to accommodate 190,000 birds. There was a total of approximately 1,850 acres used for the production of small fruits, rhubarb, asparagus and hops—fully 50 per cent of this acreage was in strawberry plantations. Agriculture of this type requires a great deal of hand labour and patience, which is characteristic of the Asiatic people. But in their absence—it seemed highly problematic that there would be sufficient labour available to maintain such properties—and particularly because of the attractive rates of pay for labour required in war industry.

So here was another factor which indicated that caution was needed in appraising these properties.

Added to this was the fact that there was an annual municipal tax bill of approximately \$40,000 to be paid regardless of who operated or occupied these lands and regardless of whatever revenue might be derived from rentals.

The appraisal of real estate is not an exact science. It is at best an expression of opinion based on factors which create or diminish dollar values. We did not appraise these properties from the standpoint of their potential speculative real estate value—or of their speculative value for sale during the war to persons in Canada who were participating in the financial prosperity produced by a state of war. We appraised them as the accredited agents of the Dominion Government to determine what in our judgment was the value of these properties, having regard to the hazards and uncertainties which existed in the early months of 1942. I submit that the appraisal made of these lands placed the Dominion Government in possession of a safe index upon which to determine the equity of the Japanese owners when they were evacuated. It provided a sound reflection of the problems that would inevitably be encountered if the lands were held under administration for an indefinite period and it provided an index to the compensation that might be paid to these people if a programme of liquidation were decided upon and sales made at prices less than appraised values.

The appraisal work actually commenced on May 4, 1942, and by the end of August 1942 the work had been practically completed. By that time 939 of these properties had been examined, with an aggregate appraisal of \$1,059,419.

At this point I should like to make it clear—if this has not already been done by previous witnesses—that order in council P.C. 5523 of June 29, 1942, authorized the Director of Soldier Settlement to make this appraisal and also empowered the Director “to refuse to approve or approve either unconditionally or subject to such terms or conditions as to him seem fair and reasonable, the purchase, sale, lease or other acquisition or disposition, or any agreement therefor, of any agricultural land in a protected area of British Columbia owned by any person of the Japanese race or by any Japanese Company”.

I think it is proper for me to say that the Dominion Government considered such control advisable to guard against private individuals or Japs trafficking in these properties and to enable the appraisal agency to carry out its work in an orderly fashion.

As an illustration of the need of control of this land I mention a situation which existed in the area surrounding Mission City. Here it was found that some 224 Japanese farmers were members of a co-operative marketing and shipping agency. The majority of the share capital of this co-operative was owned by these Japanese farmers, and under the terms of their membership there was a clause by which they were bound to deliver their total product to the co-operative or expose themselves to rather severe penalties. It appeared that immediately following decision by the Dominion Government to evacuate the Japanese, the management of this co-operative (which for all practical purposes centred in a certain white man, since deceased) by arrangement with



the Jap shareholders—took immediate action to rent Japanese farms to white people under terms which, to say the least, were somewhat novel. The arrangement was that the co-operative borrowed funds from the local bank and after arriving at the rental consideration in each case the Jap owner was paid one-half of the rental consideration in cash and given a post-dated cheque for the balance. In turn the tenants gave the co-operative promissory notes for the total amount and these notes were in turn endorsed by the Jap owners. The rental agreements contained a clause obligating the tenant to deliver *all* his 1942 and 1943 product to the co-operative. Because of the inexperience of some of these tenants—or because of some misrepresentation or misunderstanding as to the actual acreages in production crops—or because of unfortunate climatic conditions which occurred during the crucial growing and marketing period, considerable dissatisfaction resulted among the tenants. So far as I am aware the Bank and the co-operative came out of the deal in good order due to the careful administration of the Custodian. But the tenants did not fare so well.

It was administrative problems of this character which doubtless had some bearing on the Government's decision to proceed with a general programme of liquidation of Jap assets including these farm properties. This decision was embodied in P.C. 469 of January 19, 1943, and I wish to emphasize that the first operative clause of that order in council revoked the authorities which had, up to that time, vested certain powers in the Director of Soldier Settlement. There were obvious reasons why these powers should be withdrawn, namely, that if the Director of Soldier Settlement and the Director the Veterans' Land Act (who were one and the same person) was to take any official interest in the purchase of any of these lands for the purposes of the Veterans' Land Act, he could not very well occupy the position of both judge and jury.

Another point which I wish to emphasize to this Committee is that when the Director of Soldier Settlement was instructed in April of 1942 to proceed with the appraisal of these lands there was no Veterans' Land Act on the statute books of Canada. It was enacted as of August 1, 1942, but there was no Director appointed until November 25, 1942. It would be preposterous to assume relationship between the appointment of a Director to administer an Act which would have effect all over Canada—and the liquidation of Japanese lands.

I am not so naive, however, as to suggest to this Committee that the Director the Veterans' Land Act was not in a good strategic position from the standpoint of acquiring some of these lands for Veterans' Land Act purposes.

From this point on my position and activities can be stated very simply. Examination was made of the inspection reports of 1942. We disregarded those we deemed to be quite unsuitable or beyond the scope of the Veterans' Land Act, such as greenhouses or other types of property which were of considerable value and involving a lot of administrative difficulty. Our selection narrowed down to 768 parcels, which carried our valuation of \$867,021. We included a few which we might just as well have eliminated but there was the minimum or no improvements on them. I make no apologies for offering the custodian \$750,000, or \$117,021 less than the appraised value. I did not know how long the Veterans' Land Act would have to hold them or what the overall future problems would be. The custodian on the advice of his advisory committee, declined to accept this offer and in June 1943, I made a final offer of \$850,000 which was accepted. When it came to taking title from the custodian it was found that some 41 properties had to be dropped from the deal for various reasons, such as the Jap owner having died and his affairs being administered by the official administrator. In some cases title difficulties were encountered or in others the encumbrances were in excess of the purchase price. I understand these properties were subsequently sold by the custodian elsewhere. It

was one of the conditions of my offer of \$850,000 in June, 1943, that this price would include rentals collected by the custodian for the year 1943. These collections amounted to approximately \$41,800. Payment of this sum to the director was asked for because the director the Veterans' Land Act assumed liability for municipal taxes from January 1, 1943, and the taxes for that year were reported to be approximately \$40,000.

It subsequently developed—November, 1943—that we purchased from the custodian an additional 12 parcels on the mainland and 33 on Vancouver Island and other gulf islands. The price paid for these additional properties was \$45,812. Our appraised value was \$46,747.

It required quite a period of time to obtain title in fee simple for each parcel of land, and payments to the custodian were made only as registerable titles were secured. This was spread over a period of approximately nine months. It was firm administrative policy—approved by my minister—that these Jap lands should be withheld from sale to veterans until men who were serving overseas had a chance to get home and have an opportunity to buy them.

There were practically no veterans established under the Veterans' Land Act until the close of hostilities in Europe, which was in May, 1945. Thus we had these properties under administration for a period of approximately two years before we started to sell them.

In making plans for the sale of these lands to veterans—it has been deemed advisable to subdivide some of the larger parcels into two or more units and also to consolidate two or more of the smaller places into a single unit.

As of April 30 it was reported to me that 216 of these places have been sold in their original identity—100 more in the same category have been tentatively sold. 123 of the original units have been broken up into 394 units and of these subdivided places, 213 units have been sold and 75 tentatively sold. All these sales were to veterans. In other words, 604 Canadian veterans have been taken care of, and there is sufficient land left to take care of approximately 400 more if they are interested in what we have to offer.

Here I want to emphasize to this committee that sales made to veterans were at the prices paid by the director as provided by Section 9 The Veterans' Land Act. I hope that statement will put an end to any rumors or suspicions that the government—through the agency of the Director the Veterans' Land Act, has been doing any profiteering at the expense of Canadian veterans.

Sale has been made of a few parcels to non-veterans. They were as follows:

1. A property consisting of approximately 78 acres sold to a religious order. The cost to the director was \$4,725. The sale price was \$5,500 cash. This sale was in accordance with Section 22 of the Veterans' Land Act, which authorizes the director, among other things, to sell land which is at his disposal for sale, for religious purposes.

2. A parcel containing 100 acres on Salt Spring Island in the Gulf of Georgia. This property consists chiefly of rocky wooded hill, without any improvements. It could be used as a base for a commercial fisherman or as a firewood proposition. The director bought it for \$245. There was no demand for it by veterans. It was advertised for sale by public tender—four offers were received ranging from \$750 to \$2,000. It was sold to the highest bidder under authority of P.C. 5285 of January 3 this year, pursuant to Section 21 of the Veterans' Land Act.

3. Three bush lots comprising approximately 38 acres 5 miles from Haney B.C. These were undeveloped places which had been logged off years ago and growing up with fair sized second growth softwood interspersed with stumps. The director paid \$433 for these parcels. There was no demand by veterans. They were advertised for sale by public tender and brought a price of \$3,050. This price doubtless reflects the demand there is at the present time for any kind of small logs and firewood.



There may be some differences of opinion as to the sales policy pursued by the director, having regard to the rapid rise in real estate values in the area centering on the largest Canadian city on the Pacific coast—once the perils of war had abated. I have three principal observations to make on that point if any one cares to raise it;

1. When these lands were purchased I was acting for the Dominion Government in the capacity of a trustee looking to the long range interests of Canada's fighting men who were overseas. It would have been a breach of the trust reposed in me to recommend a general increase in sale prices to correspond with local inflation.

2. The great majority of these Jap lands require substantial repairs to the more or less ramshackle buildings before they are habitable, or new homes have to be built. The cost of construction nowadays is just about double pre-war costs. The Director and veterans and members of this Committee have a pretty clear appreciation of this and in my judgment the cost price to the Director of the improvements needed, plus the cost of the land—will produce a sale price to a veteran which is as equitable as it can be made under present-day conditions.

3. The Japanese farms are by no means the only properties acquired by the Director the V.L.A. prior to the commencement of active settlement of veterans. Lands were purchased all over Canada at close prices which a couple of years later could have been resold in the open market for very considerable increases—but they weren't—they were sold to Canadian veterans at cost to the Director, as provided by Section 9 of the V.L.A.

In conclusion—may I say a word on behalf of the branch of the Public Service which I have the honour to head.

Regardless of some criticism we get now and then, and I suppose some of it is merited—there has developed over the past twenty odd years a considerable degree of both Government and public confidence in the reliability, rugged honesty and efficiency of these people in matters relating to land and land values.

Commencing in the early twenties this staff was designated as the land settlement branch of the Department of Immigration and Colonization. During the tough thirties it was this organization that was mainly called upon to service the appraisal requirements of Boards of Review under the Farmers' Creditors' Arrangement Act of 1935. Many thousands of farm properties, all over Canada, were inspected and appraised for that purpose. During the war we were frequently called upon by the Department of National Defence to assist and advise on land matters of considerable magnitude. We represented the Dominion Government in acquiring the freehold lands required for the construction of the Alaska Highway. During and since the war we have purchased many millions of dollars worth of real property for the establishment of Canadian veterans. I mention these things to this Committee to indicate that a great fund of practical knowledge and experience was brought to bear on the part assigned to us in connection with Japanese lands.

Acting for the Dominion Government, we examined this situation in a spirit of realism—justice and equity for all parties concerned. We were considerate and prudent in our estimates as became those who were asked to undertake serious responsibilities of this nature during the grim and perilous days of 1942.

When that duty had been discharged in good faith we proceeded to act in equally good faith on behalf of Canadian veterans by buying these lands at the fairest price we could obtain.

I submit that, in the circumstances, the Japanese people were dealt with justly and equitably. The Canadian public was protected and Canadian veterans have been given whatever advantage arose from the purchase of these lands in

the midst of a great war which, but for the grace of God and our fighting men and allies might have lasted much longer and turned out quite differently than it did.

The VICE-CHAIRMAN: Gentlemen, the witness is yours.

*By Mr. Fleming:*

Q. May I ask a few questions, Mr. Chairman?

Taking the last part of the evidence tendered by Mr. Murchison, first, I would like to ask a few questions with reference to the disposal of the properties. First of all you mentioned the cost of construction. What works of construction were undertaken on those lands by your department before the sale to the veterans, if any?—A. I could not answer that question precisely. That is a matter on which I would have to make inquiries. I believe that a limited number of those Japanese lands were used in the development of small holdings and I judge few houses were constructed before the property was made available for sale to the veterans. In other cases single units sold to veterans would provide for the cost price of the land plus a loan necessary to carry out the repairs to existing buildings and for the construction of a new home.

Q. In each case, I take it, you have a record of any expenditures made and its inclusion in the sale price to the veteran?—A. Yes, sir.

Q. Now we have, as appendix A to the proceedings of the last meeting of this committee, at pages 163 and following, a list of the properties that were included in the sale to your department. Could we have the corresponding information with reference to those properties inserted on the list to show inclusion of any cost of construction work done by your department? That, I take it, could be prepared Mr. Murchison?—A. That could be prepared. It might produce a little bit of confusion in cases where it is found that say parcel number 143 on the list and say another one a good deal further down in the schedule were combined in one unit and a loan approved for the price of the land and the improvements required.

Q. Well I do not want to take time on it now because obviously you have not the information in these individual cases but I think the committee would like to have that. Now turn for a moment to those sales of other properties which you made. The first property was sold pursuant to section 22 of the Veterans' Land Act to whom?—A. To a religious order, the Westminster Priory.

Q. Would you give us the two prices on those? You went pretty quickly over them and I did not get a note of them.—A. The cost price was \$4,725 and the sale price was \$5,500.

Q. And the date?—A. I have not got the date but I recall it was late in 1946.

Q. The next one? Were those all sold at public auction? Has there been any advertisement?—A. Not respecting the first one that was sold to the religious order.

Q. There was no auction?—A. No.

Q. Just private negotiation?—A. It was sold to the religious order under the authority of section 22 of the Act and approved by the minister.

Q. And the next one?—A. There was a parcel of 100 acres on Salt Spring Island bought for \$245. It was advertised for sale by public auction and the four offers received ranged from \$750 to \$2,000. It was sold to the highest bidder on January 3 of this year and it was confirmed by order in council.

Q. Then the last, the bush lots you bought for \$433 and sold them at what?—A. They were sold for \$3,050.

Q. At public auction?—A. Yes.

Q. Now having regard to the fact that you made an offer in 1943 and it took nine months to get the titles, you did not begin to sell the properties until two years later? Do you say it was necessary for you to have acted in 1943 to acquire the properties?—A. How is your question put?

Q. You have referred to the long delay before you began to make sales of these properties to the veterans?—A. That is right.

Q. Was there any occasion to have acquired those properties so early? What you did in 1942, or at least what was done in 1942 through the agency of that order in council, was to blanket these properties so that they could not be sold to anybody else? That is correct, is it not?—A. That is right.

Q. The values were made, as you said, when the war was at its darkest in 1942. The properties were purchased in 1943, but you did not begin sales to veterans until the conclusion of the war?—A. That is right. That was the general policy all over Canada.

Q. In other words you were acquiring properties at that time with a view to reselling them sometime later. In this case it was two or three years later?—A. That is correct.

Q. Now what about your procedure in approaching this question. We will leave now the resale but I want to address this question to you. You purchased, on behalf of your department, seven hundred and forty-one Japanese farms. You view that purchase, I take it, with some satisfaction in view of what you have said this morning.—A. I certainly do.

Q. And I suggest to you that the valuation was admittedly a conservative valuation as made in 1942 by your appraisers?—A. I think I have so stated.

Q. It was a conservative valuation, made with a view to purchase of the properties.—A. No.

Q. What was the basis of the original appraisal?—A. As I said in my evidence, I can perhaps find it here if you will wait.

Q. Well you probably can give that to us?—A. We appraised them as accredited agents of the Dominion of Canada to determine what, in our judgment, was the valuation of the properties having regard to the hazards and uncertainty which existed in the early months of 1942.

Q. Yes, with a view to what?—A. Establishing an index, a safe index, upon which to determine the equity of the Japanese owners when they were evacuated. It provided a sound reflection of the problems that would inevitably be encountered if the lands were held under administration for an indefinite period and it provided an index to the compensation that might be paid to these people if a program of liquidation were decided upon and sales made at prices less than appraised values.

Q. You had in mind as one purpose that the appraisal might be used for the sale of these properties?—A. Yes, of course.

Q. And purchase of them by your department?—A. I could not say that, sir, because at that time there was no Veterans' Land Act in existence and there had been no director appointed.

Q. Very well. Now you say the work of appraisal commenced on May 4, 1942? I think that is the date you said.—A. That is right.

Q. And it was completed by August of 1942. Now the order in council under which you were proceeding, P.C. 5523 was not made until June 29, 1942?—A. That is right.

Q. You were ahead of the gun on the appraisal?—A. I was acting in accordance with instructions from the dominion government.

Q. Your minister instructed you to proceed?—A. Yes, and he said the necessary statutory authority would be provided as quickly as possible.

Q. And were the instructions that you received at that time to the effect that you have quoted in your evidence?—A. No, our instructions were to carry out an inventory and appraisal of those properties.

Q. There was no indication as to the basis of the appraisal or the purpose of it?—A. No, as appraisers we faced the realities as we found them on the ground.



Q. When you came to make your offer in the spring of 1943, your appraisals were then almost a year old, were they not?—A. Yes.

Q. And what had been the direction in which land values in the Fraser Valley area had been moving in that year?—A. Well I should say that the peril on the Pacific coast had pretty well abated by midsummer in 1943 and consequently that would have an effect on improvement of land value in that particular area. Of course there was a great influx of war workers and other people to the Pacific coast at that time who were finding difficulty in securing housing. There was a tremendous demand for accommodation by those people and that would have an inflationary effect. Possibly it would have been temporary.

Q. That does add up to this fact that valuations in the area in question had advanced between your valuation in the spring of 1942 and your offer in the spring of 1943?—A. I should not be surprised.

Q. And your original offer was for substantially less than your own appraisal?—A. That is right.

Q. Now does that suggest to you that you were proceeding on the basis of the appraisal and that you were seeking to make a good buy on behalf of your department?—A. I was just seeking to make the best buy I could on behalf of the department and the boys who were fighting overseas and I considered in making the offer of \$750,000 cash, that that amount of money was entitled to some respect. It was not accepted and I made a final offer of \$850,000. In other words I made the best deal I could for those men.

Q. In other words you bought at the lowest price you could for the reasons you have given?—A. That is right.

Q. You bought at the lowest price you could, that is a fair statement?—A. Yes.

Q. So far as the interests of the owners are concerned, it is fair to say that you left it to the custodian to protect those interests as vendor in the transaction?—A. Yes.

Q. The protection of the Japanese was his concern, and it was not your concern? I take it your principal concern was to get the farms at the lowest price you could get them?—A. That is right.

Q. And you had representatives from your department present at some of the meetings in Vancouver? I mean the meetings of the advisory committee who the custodian appointed to advise him in connection with the liquidation of the properties?—A. Yes. I had an advisory committee to advise me, the same as the custodian had an advisory committee advising him.

Q. You had your representatives present at the meetings when these matters were discussed?—A. That is right.

Q. And I take it you may not be personally familiar with the course of those discussions in those committees or the reasons which interested the committee appointed by the custodian? That was not your concern I take it?—A. No.

Q. Now on the basis of your valuation, at one point in your evidence, if I am correct, you said farms were not to be valued from the point of view of their potential value or valuation for resale but, the valuation was to be made having in mind the hazards and uncertainties which existed in 1942?—A. That is not just what I said.

Q. Pardon?—A. I said we did not appraise those properties from the standpoint of their potential speculative real estate value or of their speculative value for sale during the war to persons in Canada who were participating in the financial prosperity produced by a state of war.

Q. Yes, and you proceeded to do what you did under the protection of an order in council which, in effect, took those lands out of the public market entirely?—A. I had the appraisal made but the decision was reached by the dominion government as to what was to be done with them.



Q. The lands were never taken out of the scope of that blanket order in council until this sale was completed?—A. Oh yes.

Q. Will you give the date?—A. Yes.

Q. We are referring now to order in council P.C. 5523 of June 29, 1942, are we not?—A. Yes, and P.C. 469 of January 19, 1943.

Q. Yes, that authorized liquidation did it not?—A. Yes. I think if you read the order and if you have it before you you will find as I said the first operative clause in it revoked the authorities which had up to that time vested certain powers in the Soldiers' Settlement Board.

Q. Yes, but you are familiar with what the custodian was doing with respect to those properties and no public offer was made of any of those properties before you completed the purchase of those properties? That is correct, is it not?—A. As far as I know, but I cannot be absolutely sure on that because I do not know just what properties the custodian disposed of in the interim.

Q. If you do not know I will not pursue the question because we can get the information from another source. You concerned yourself with your side of the transaction?—A. Yes.

Q. And your interest as you have indicated was to get this property at the best price you could?—A. Yes.

*By Mr. Cockeram:*

Q. Mr. Murchison stated that 604 veterans had been established and had purchased property and there are still 400 more properties to be disposed of. Could Mr. Murchison tell the committee what was received for those 604 properties that have already been sold?—A. I have not got the figure before me but I assure you that the places were sold at their cost to the director, that is the price we paid to the custodian.

Q. I think we should have that figure.—A. I can get it for you but I have not got the figure here.

*By Mr. Stewart:*

Q. Mr. Chairman, arising out of what Mr. Murchison said I take it when you want to value this property on the coast that you did not believe the Japanese were going to win the war, otherwise you would have placed a value of nil on those properties?—A. Will you state that question again sir?

Q. I take it, when you valued those properties first in 1942, you did not believe the Japanese were going to win the war?—A. I should say in reply, and I am not trying to dodge the question, that we had the same hope as the rest of the allied world that ultimately we were going to win but we did not know when nor under what conditions.

Q. But you were not optimistic about this state of affairs?—A. No.

Q. And that lack of optimism might have had some effect on your judgment as to the value of the lands?—A. Certainly it would. And very necessarily it should have had some effect.

Q. So the valuation you arrived at was not necessarily the true value from the point of view of those who were working on it?—A. Not if the people were going to be evacuated and the government was to be faced with the great problem of administration and security and the specialized type of agriculture for which there was an inadequate labour force available. That would be an entirely different set of conditions.

Q. But from the point of view of those who had the land at that particular time, the value you placed on it would probably be lower than that which they would place on it, and it was certainly lower than the assessed value?—A. Of course the assessed value is only an index of the taxation that the municipality requires.

Q. Have you any knowledge of the value placed on this land by the custodian or the agents of the custodian?—A. Not the details but I recall when my first offer of \$750,000 was made that representatives of the custodian's advisory committee made a spot check on possibly a dozen of those properties and on that basis advised the custodian that in their judgment my offer was too low.

Q. So in the opinion of the custodian the lands were valued at more than you would give?—A. I do not know what the custodian valued it at but apparently it was more than \$750,000.

Q. Now you say you bought the land at the lowest price and you also said you approached the whole problem from the point of view of realism, justice, and equity, which is right and proper; but justice and equity has occasionally more than one face. Which point of view were you approaching from? Was it the equity of the owners of the land or was your department getting the best possible buy?

Mr. GOODERHAM: Are you speaking of the appraisal by the Soldiers' Settlement Board or the purchase price?

*By Mr. Stewart:*

Q. The purchase price?—A. When it came to the matter of purchase I was not concerned with anybody's welfare but the veterans for whom I was buying.

Q. Therefore, your approach to the whole problem had nothing to do with what the owners might be considering was their value? You were not approaching it from that particular point of view.—A. When it reached that stage my intention was to acquire those lands at the best price I could, knowing that it would eventually be sold to veterans.

*By Mr. Smith:*

Q. I have a couple of general questions. In answer to Mr. Stewart you said the assessed value was only an index of the taxes the municipality requires. You did not mean that, did you?—A. I did not get your question, sir.

Q. You stated, in answer to Mr. Stewart, that the assessed value of the land was only an index of the taxes the municipality required. You did not mean that, did you?—A. Yes, I did.

Q. Well let us assume that the assessment is low. You could raise the mill rate and get the same amount of money could you not?—A. That is right.

Q. So the assessed value is not the only index?—A. The assessed value has a relation to the mill rate, yes.

Q. But all you have to do is to raise the mill rate on a low assessment to get the same amount of money that you would if you had a high assessment and a low mill rate so that the mill rate, perhaps is an index of the tax.

Now only a general question about the method of assessment. I may say that I appreciate your efforts in doing what you could for the returned men but you said to Mr. Fleming a moment ago that these hazards were there. Did you in 1942, find any depreciation in the value of sales of real estate in the Fraser Valley? In fact were they not advancing in 1942 in the Fraser Valley?—A. We had not entered the market at that time to buy any real estate.

Q. In valuing any real estate there are a couple of books which you can get on the matter?—A. Certainly.

Q. Whether they are any good or not, there are some books published on real estate valuation. Is not the main ground for valuation the sales of similar property in the area? Is that not accepted as one of the main grounds?—A. That is one.

Q. All right, and you discarded that.—A. I did not say I discarded it.

Q. I think if you look back through your evidence you will find that, or at least that is what I understood. You did not bother about sales?—A. We did not pay any attention to sales. We were dealing with what we considered to be the equity of the Japanese having regard to the problems confronting the dominion government in looking after these lands.

Q. You did discard any evidence of other valuation or sale?—A. It was not taken into account.

Q. Then my word is discard. It was not taken into account?—A. That is correct.

Q. Then in all valuation of land, speculative value is another element?—A. Yes.

Q. So that you discarded the two main elements in valuing these properties? Correct?—A. Well, as I indicated in my general statement we did not consider speculative value of real estate on the Pacific coast very much at the time in view of the conditions which existed.

Q. I will use your words. You did not take into account either of those elements in making your valuation?—A. No.

Q. Thank you.

*By Mr. Jaenicke:*

Q. Mr. Murchison, you described to us the serious situation at the coast in 1942, that was with respect to the war. Did you mean to intimate there was a danger of invasion?—A. Yes.

Q. And you took that into consideration when you made these appraisals?—A. That is what I stated.

Q. I see now on May 29 you wrote Mr. McPherson in Ottawa, the Department of Secretary of State and you said this, "Our appraisal of these lands was made on the basis of ordinary terms of sale and without regard to any temporary boom or speculative value brought about by a state of war." Now, would that not contradict your statement here?—A. It may sound contradictory.

Q. But you say, or you try to intimate, because of the war values had gone down, and in this letter you stated there was a boom on.—A. It had gone down in our judgment.

Q. There was a boom then at the time when you made the valuation?—A. There was a brisk demand by temporary war workers in Vancouver which we regarded as purely artificial.

An Hon. MEMBER: And transitional.

The WITNESS: And transitional.

*By Mr. Jaenicke:*

Q. Is that boom still on or has it subsided?—A. I should say it is beginning to subside.

*By Mr. Cruickshank:*

Q. Is it not true at the time the department bought this land that there was no demand by the general public for small berry farms?—A. I should say that was generally correct.

Q. One reason being that there was not labour available for that class of farm?—A. That is right.

Mr. GLADSTONE: In connection with your purchase of farms in Ontario for veterans, in 1942, would the speculative value be upwards or would it be downwards due to war conditions?

The VICE-CHAIRMAN: Mr. Gladstone, you are not getting into a discussion of land values and appraisals in Ontario, are you?



Mr. GLADSTONE: No.

The VICE-CHAIRMAN: I just want to guard against that.

The WITNESS: We feared right from the date that the Veterans' Land Act was enacted, on August 1, 1942, that the statute itself would have an inflationary effect on lands throughout Canada. It created a potential demand for tremendous amounts of farming land all over the dominion. There is no doubt about that. That is one of the reasons why the government and parliament authorized the administration to proceed as quickly as it did after the Act was passed, to assemble lands as a hedge for the settlement of veterans when they returned from overseas. There would be at least something to show.

*By Mr. Jaenicke:*

Q. Just one more question, which is about these rentals. You were going pretty fast then, and I was trying to make some notes but I could not get it down. You said that the rentals for 1943 amounted to \$41,800?—A. That was the amount.

Q. Did you collect that?—A. No, that was collected by the custodian.

Q. Did the custodian pay it over to you?—A. He did.

Q. And you mentioned something about taxes.—A. I in turn assumed responsibility for the year's taxes, for 1943.

Q. The correspondence would bear out, as far as I can see, that you were only assuming the taxes from the date of purchase?—A. No, there was a condition in the purchase that I would undertake payment of taxes as of January 1, 1943.

Q. And those taxes amounted to how much?—A. Approximately \$40,000.

Q. Not quite as much as you collected in rentals?—A. Not quite, but very close.

Q. Approximately the same?—A. Approximately the same figure.

*By Mr. Fleming:*

Q. Just dealing with the last point first. The rentals that you spoke of were rents that had been collected between January 1 and the date when the contract was entered into?—A. That is right.

Q. The taxes of \$40,000 were the taxes for the full calendar year, 1943, were they not?—A. Yes.

Q. And the proportion which would have accrued up to June would be approximately \$15,000 or \$16,000?—A. It would be roughly 50 per cent, I suppose.

Q. A trifle under 50 per cent, so that in respect of the adjustment of rents against taxes you probably were \$25,000 better off on the deal?—A. Probably, but it was part of the negotiation.

Q. It was one of the elements that makes you feel that you made a good bargain for those for whom you were concerned, namely, the veterans who were going to buy?—A. That is right.

Q. Now, then, in connection with the proceeds of the sale of those three properties you referred to, which were not sold to veterans but were sold to private interests, what steps have been taken, if any, by your department to account to the owners, the former owners, for the excess over and above the amount you paid for those properties?—A. None.

Q. None. You are retaining that. If, in the course of the disposal of the remaining lands any of them are not sold to veterans but to private purchasers at an advance over the amount you paid, there will be no accounting to the former Japanese owners, I take it?—A. That is a matter of government policy.



Q. But there has been no indication as far as you are aware that anything will be done to make that excess realized available to the former Japanese owners?—A. No, and at the moment there is no guarantee for the sale of these Japanese lands which are left, which as might be expected are the least attractive we have. There is no guarantee that the veterans are going to be prepared to buy them at the price we paid for them.

Q. With reference to the "least attractive," that also applies to those you sold elsewhere. I think you did very well on those, if they were the least attractive of the group you purchased. You resold them at a price considerably in advance of the price you paid for them and all in all I think you are going to do very well.—A. I hope so.

Q. It does not look to me as if you are going to be in for a loss; it looks like a profit.—A. I would be very glad to be in that position.

Q. That also would lend to the feeling you have about the good bargain you drove with the custodian?—A. Probably, very probably.

Q. Now you have indicated you were not aware of any steps, and I hope I interpreted you correctly, taken by the custodian while you were negotiating for the 741 properties and the sale of other properties elsewhere. I had difficulty following that. Surely you must have known that at that time there was no other offer being made by the custodian of those lands to anyone else. You were the only person who was being permitted to dicker for those lands.—A. I should just like to clear up a point there. We had appraised some 950 properties owned by the Japanese and our offer was narrowed to 768. As I said we did not know what other lands the custodian was disposing of in the meantime because our offer had not included all the Japanese land.

Q. All right, there might have been about 125 or 130 properties that you did not include in your offer but they had been the subject of appraisals by your department?—A. That is right.

Q. And for reasons that seemed good to you, you did not include them in the offer? You did not want them.—A. That is right.

Q. They could not have been desirable for resale afterwards?—A. Some were much too valuable for us to buy.

Q. But as to the remainder you say you do not know what the custodian was doing about those 130-odd properties, but you must have been aware that as to the lands that you were offering on—the 769—there was nobody else being allowed to compete with your offer; you were aware of that, were you not?—A. Yes, I think that is a fair statement.

Q. Once you had made an offer for the 760 or 768—whatever it was—those were frozen by the custodian; and you were aware that nobody had been permitted to offer—there was no public offering of them in any way, shape or form, and you were not facing any competition?—A. I presume that would be the case. But I cannot state what the custodian was doing with those other lands, because they were entirely within his control.

Q. Yes, but being quite fair, you were aware, I assume—you must have been aware that you had no competitors to face for those properties?—A. Absolutely no; there was nobody else cared to pay \$750,000 or \$800,000—

Q. And by reason of the policy being followed—government policy. Nobody was being permitted to offer for any of the properties, let alone the whole group en bloc.—A. That is probably true. As I say, I cannot say precisely what the custodian was doing.

Q. Now you keep using the expression "my offer" and "I offered". I take it that so far as the internal arrangement of your department is concerned, you would take the responsibility for this matter because you were the director of soldier settlement?—A. Yes. The director was established as a corporation sole with powers to do certain things.

Q. To what extent was what you did or what you offered approved by your minister? Did you consult your minister in connection with these offers or appraisals?—A. No, sir, I referred our offer to our advisory committee at New Westminster. There was not a move made by me without acting on their advice. When the negotiations had reached a stage of final offer and acceptance I referred my offer to the Secretary of State, the official custodian. Here is my final offer of \$850,000. There was a letter prepared by our district superintendent in Vancouver; and the formal acceptance of that offer was over the signature of the Secretary of State.

Q. You received a letter from the Hon. Norman McLarty dated June 23, 1943, purporting to accept your offer?—A. That is right.

Q. Now, he was the minister concerned on the side of the vendor. What I was asking you was whether you had acquainted your minister with the offer, or kept in touch with him with regard to the offer you were making and which was accepted by Mr. McLarty by that letter?—A. Yes, orally.

Q. You kept in touch with the progress of negotiations?—A. I saw him almost constantly. My minister at that time was the Hon. Mr. Crerar.

Q. I suppose it goes without asking that what you did you did with his full approval?—A. That is right.

Q. And we can infer that whatever you did in the course of having appraisals made, making the offer, negotiating purchases and finally consummating, was done with the full knowledge and approval of the minister to whom you were responsible?—A. Yes, I would say that is fair.

*By Mr. Cleaver:*

Q. In regard to this matter we must, of course, be fair to the custodian as well as to you, and there were one or two answers which you made to Mr. Fleming's questions that I feel might lead to a misapprehension. When you made the offer to the custodian—made the initial offer—was the custodian under any responsibility to you to not accept a better offer from someone else if a better offer had come along?—A. None whatever, as far as I was concerned. No, he was quite open and under no responsibility.

Q. He was quite open to accept a better offer if a better offer was available?—A. I should say so.

Q. But you were in the happy position that you were prepared and able to make a blanket offer for a large percentage of these properties and you naturally negotiated the best deal that you could for the veterans?—A. That is right.

Q. And he, on the other hand, would be getting from you the best price that he could get from you?—A. That is right.

*By Mr. Burton:*

Q. You said when your final offer was accepted you assumed the responsibility for the paying of the taxes for the whole year, starting from January 1, and in the meantime the custodian had turned over to you approximately the same amount in rents that had been collected. I presume that was up to that time?—A. That is right.

Q. Could you tell us how much more was collected in rents for the balance of that year?—A. Speaking from memory only I believe the additional amount we collected was somewhere in the neighbourhood of \$8,000. I would have to check on that.

Q. According to that, most of the rents had already been collected by the custodian?—A. Yes.

Q. Now, the excess of rent collected over taxes—what was done with those funds?—A. They were remitted to the Receiver General.

Q. It was not put in to offset some of the improvements made?—A. No.

Mr. FLEMING: May I clear up one point before we conclude our sitting before 1 o'clock?

Mr. CRUICKSHANK: May I ask one question? Is it possible for us to have a similar list in this case as is filed by the custodian as to what the properties had been sold for?

The VICE-CHAIRMAN: Which page do you refer to?

Mr. CRUICKSHANK: Is it not possible to have the same list prepared of the properties that have been sold to veterans?

The WITNESS: I will get it for you as closely as I can. However, I direct your attention to this fact that this list supplied by the custodian identifies names and numbers; it does not identify legal descriptions of property. Now, we found in completing this transaction there would be several individual titles relating to one composite property held by a single Japanese.

Mr. CRUICKSHANK: What I am interested in finding out is 2,862. I am interested in knowing about file No. 2,862. That property was sold to the department for \$970. Now, presuming that piece of property is sold to the veteran I want to know what it was sold for?

The WITNESS: I will get that as closely as I can for the committee.

*By Mr. Fleming:*

Q. With regard to the matter of adjustment. Mr. Murchison, your original offer, which was \$750,000, contemplated the adjustment of the taxes to the rents at May 31, did it not?—A. No, I do not think that condition was attached to the \$750,000 offer, because that was made quite a time before June 1943.

Q. Mr. Barnet was making an original offer on your behalf?—A. Yes.

Q. Will you look over Mr. Barnet's letter dated May 17, 1943, written on behalf of Soldier Settlement of Canada to The Custodian of Japanese Properties, and you will find that he is offering \$750,000. Speaking about the adjustment he says first of all that the taxes and charges are to be paid or adjusted to May 31, 1943.—A. What is the date of the letter?

Q. May 17, 1943. This is the first offer of \$750,000.—A. Addressed to Mr. McPherson?

Q. This is addressed to The Custodian of Japanese Properties in Vancouver, B.C. And then we find this provision: "Assignment to the Director, the Veterans' Land Act, of all leases and unpaid rentals as at May 31, 1943." You will recall that from that point on your raised your offer to \$800,000?—A. \$850,000.

Q. First of all you raised it to \$800,000, and you could not get the custodian's advisory committee to accept that?—A. That is right.

Q. And the custodian's advisory committee talked first of all about \$1,000,000, but you were not prepared to go that far? Then you came up to \$825,000 on the terms as to adjustment contained in the first offer, accompanying the letter of May 17, 1943; is that right?—A. You have the correspondence there. That is right. I have not got it before me.

Mr. CLEAVER: I think the witness should have the correspondence before him. It is not fair to the witness otherwise.

Mr. FLEMING: I am nearly through. The correspondence is before the witness now.

*By Mr. Fleming:*

Q. You have the letter of May 17, 1943, before you?—A. Yes.

Q. Then you will recall that the next step I refer to was that Mr. Barnet on your behalf raised the offer to \$800,000—is that correct—on the same terms as the adjustment?—A. Is that in the correspondence you have before you, sir?



Q. Yes. That is contained in the correspondence there. I do not want to belabour the details. I think it is quite clear. The point I am getting at is on the matter of adjustment. Do you recall that the next step was that the custodian's committee came down from \$1,000,000 to \$900,000; do you remember that?—A. I do not recall him coming down to \$900,000.

Q. Then you recall that your offer came up to \$825,000?—A. Yes, I recall that.

Q. You recall that that was on the basis as to adjustment contained in the original offer of May 17?—A. I would have to check the correspondence on that.

Q. Would you mind doing that?—A. My mind does not cover all that.

Q. Will you look at Mr. Barnett's letter of May 25, 1943—the last paragraph of that letter?—A. "On further consideration I beg to offer the sum of eight hundred and twenty-five thousand (\$825,000) dollars for the said lands on the terms and conditions set out in our letter of May 17." Yes.

Q. The terms and conditions. The adjustments were as of the end of May which would have permitted the custodian to retain all those rents—\$41,000; is that correct?—A. That would be the effect.

Q. And he would be responsible for the taxes up to the end of May?—A. Of course, the taxes, I think, are due when they are assessed.

Q. No, you talk about adjustment. You know from your long experience you are adjusting on the basis of the broken period during the year; I think you and I agreed a while ago that the change in the assessment as between the 1st of January and June was worth about \$25,000?—A. Yes, it would be; but the deal was still in the negotiation stage.

Q. Then, having offered \$825,000 with adjustments set forth in the letter of May 17—that is adjustments at the end of May—you increased your offer to \$850,000 and you changed the basis of adjustment?—A. Yes.

Q. Which had the effect in the result of reducing the \$850,000 by \$25,000?—A. In other words, it is about the same offer stated in a different way.

Q. Exactly. In other words, you have the property at \$825,000 with relation to the former terms set out in the original offer?—A. Yes.

Q. It really was an offer of \$825,000, and you got your second last offer accepted in another form?—A. Yes.

Q. And as to the \$850,000, the extra \$25,000 as compared with the offer of \$825,000 which preceded it just does not mean that?—A. It means this much, that we took an assignment of \$41,000 from the custodian and we paid it out in taxes for 1943.

Q. Apart from that, there was \$850,000 on the terms eventually agreed upon compared with the \$825,000?—A. There was not much difference.

Q. There was not any difference—a few cents. I am not suggesting it is your responsibility because you were looking after the purchaser's end of it; but the other \$25,000 was just window dressing as far as the vendor was concerned.

Mr. JAENICKE: Mr. Chairman, we should have a copy of the matter that Mr. Fleming is referring to. I was given one copy but I was asked to return it. This is a matter that takes days of study. Why have we not a copy for our party?

The VICE-CHAIRMAN: You have been treated exactly the same as Mr. Fleming. You have a member on the steering committee and he has been supplied with a copy, as I understand it.

Mr. BURTON: No, this correspondence that Mr. Jaenicke is referring to was supplied by the clerk but Mr. Jaenicke had to return it before he had time to go over it.



Mr. JAENICKE: I glanced over it; but this is a matter that would take days and days of study. I see that Mr. Fleming has his copy all marked up. I did not dare mark up my copy because I was told I had to return it.

The CHAIRMAN: I think if you apply to the clerk's office you will be able to get a copy, and you can mark it up if you like.

Mr. FLEMING: I got my copy on the same terms as others.

The committee adjourned at 1 p.m. to meet on Thursday, May 22, at 11.30 a.m.

*Canada Public Accounts, Standing Committee, 1947*

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SESSION 1947

HOUSE OF COMMONS

STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 9

THURSDAY, MAY 22, 1947

## WITNESSES:

Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act;  
Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;  
Mr. F. G. Shears, Director, Vancouver Office, and Mr. K. W. Wright, Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947







## MINUTES OF PROCEEDINGS

Government  
Publications

THURSDAY, May 22, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor, presiding.

*Members present:* Messrs. Boucher, Burton, Cleaver, Cote (*Verdun*), Cruickshank, Ferguson, Fleming, Fraser, Gladstone, Golding, Hamel, Isnor, Jackman, Jaenicke, Marshall, McCubbin, Pinard, Probe, Raymond (*Wright*), Smith (*Calgary West*), Stewart (*Winnipeg North*), Stuart (*Charlotte*), Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, Mr. F. G. Shears, Director, Vancouver Office of the Custodian, and Mr. K. W. Wright, Counsel; Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act.

The Committee resumed its investigation into the administration of the Vancouver office of the Custodian.

Examination of Mr. Murchison was continued.

Mr. Murchison retired.

Mr. Shears was recalled and questioned.

Mr. Shears filed a copy of Order in Council P.C. 469 of January 19, 1943, which, on motion of Mr. Pinard, was ordered to be printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Shears retired.

It was agreed that a representative of the Cooperative Committee on Japanese Canadians be heard at the next sitting.

At 1.10 o'clock p.m. the Committee adjourned until Tuesday, May 27, at 11.30 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

May 22, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. Mr. Gordon B. Isnor, Vice-Chairman, presided.

The VICE-CHAIRMAN: Gentleman, would you be good enough to come to order. We have a quorum now and I wish to thank the members for being so punctual.

I have requested Mr. Murchison to appear again before the committee for further questioning. As I understand certain of the members desire to ask him further questions. I also have asked Mr. Shears to be present because of a question raised by Mr. Fleming at our last meeting. I understand that Mr. Murchison wishes to make a short statement before you begin questioning him.

**Gordon B. Murchison, Director of the Soldier Settlement Board and the Veterans' Land Act, recalled:**

The WITNESS: Mr. Chairman, it will be recalled that during the course of my evidence on Tuesday I was asked to supply the committee with details of the sale price of lands to veterans in order to complete the schedule which had been filed with the committee, by Mr. Shears. In that schedule the name of the former Japanese owner is given, the appraisal, and the sale price to the director. I think it was the wish of the committee that I should furnish as well the sale price of the same lands as sold to the veteran. Now that work is under way but it is not altogether a simple matter to get it ready because we have to make a search of approximately 1,000 files to obtain the actual legal descriptions of the land. Those legal descriptions are not included in the schedule of the land submitted by the custodian. The work is in hand but it will take some little time to procure the details and I can assure you that it will be forthcoming as quickly as possible. Our staff at this time of the year is generally loaded up with current work but as I say I can assure you this request is in hand and the information will be forthcoming as quickly as possible.

The other statement I wish to make this morning is a brief one. It is in regard to a report which appeared in the May 21 issue of the *Globe and Mail*. I feel, Mr. Chairman, that I am entitled in my official capacity to take at least some exception to the manner in which this article was developed. I realize, of course, that it is the right of any newspaper to develop his own material as he sees fit but after all I do feel in a matter of this kind the situation could have been placed before the public of Canada by this newspaper in a manner which follows more closely the chronological order of the evidence I gave last Tuesday. I feel that there has been a certain amount of what might be termed a practice of lifting from its context certain parts of the evidence and so developing the story that the true intent and meaning of what was stated has to a large extent been obscured. There are a few samples of this, such as the reference made in the opening part of the article (which opens and closes on the subject of what was realized on the sale of land to non-veterans.) It is stated "that Murchison

gave the committee two examples of profits". I did not give two examples in that sense. I gave the committee a factual statement of all the sales that had been made to non-veterans with the details of each one. The article goes on to say "There are still 400 parcels of land which will be sold to the public if veterans do not take them up. Murchison admitted he was hoping to make further profit." Now that is not what I stated to the committee; first for the reason that the director of the Veterans' Land Act has no statutory authority to sell these lands to anyone without the approval of the Governor in Council; secondly I did not say I was hoping to make further profits. An observation was made by a member of the committee that if the few sales made to non-veterans was taken as an index, the department was in a position to make a profit. My statement was I would be happy to be in that position, which is an entirely different thing from I was hoping to make profits. Further on in the article there is a reference to juggling lands around so that it was difficult for the director to furnish information to this committee as to the sale prices to veterans. Now I object, Mr. Chairman, to the word "juggling". There has been no juggling. As I explained quite frankly to this committee we found it desirable and good business to subdivide some of the larger parcels sold and to combine some of the smaller parcels in order to make suitable units. I object to the word juggling because it was ordinary sensible administration.

Mr. FERGUSON: May I ask Mr. Murchison what he means. He admits the statement "I will be happy if this profit is made", or "to be in that position"; "I would be glad to be in that position". Does he not mean what he says? That statement may be quite easily interpreted by the *Globe and Mail* to the effect that you would be happy to make a profit.

The WITNESS: I do not know what interpretation the *Globe and Mail* would put on it but I stated I would be happy to be in that position.

Mr. FERGUSON: You stated you would be happy for the government.

The VICE-CHAIRMAN: Is it your wish that the witness continue to make his statement?

Mr. CLEAVER: Yes, without interruption.

Mr. FERGUSON: Why without interruption?

Mr. CLEAVER: It is only ordinary common decency to the witness.

Mr. SMITH: Mr. Chairman, I am going to make a suggestion. I suggest that we let the witness go on without interruption but I am going to suggest that the witness make similar comments on an article which appeared in the *Toronto Star* which was to the same effect. I think we had better cover the whole field if we are going to cover any of it.

The WITNESS: I have very few more comments to make but I do feel, when I am ordered to appear before a committee of the House of Commons or Senate that I am expected to state the facts and not present a scrambled story. Now I endeavoured very conscientiously last Tuesday to do that very thing and I feel a little distressed that a newspaper of the status of the *Globe and Mail* should publish an article which to me was certainly a scrambled article. It lifted things from the context and changed the order of presentation. That procedure created, I am sure, a different impression from what was created here last Tuesday. One illustration which I might mention was this. "The minutes of the advisory committee of a meeting of March 18, 1943 reveal that the Soldiers' Settlement representative, Mr. Barnet, had agreed to a stipulation that if the department made any profit on the land deal the excess should be paid back to the custodian for distribution to the Japanese owners".

Now there is not a thing wrong with that statement the way it is mentioned but the unsatisfactory part of it to me is it does not relate to the rest of the



minutes of the meeting of that advisory committee. That is an illustration of lifting a sentence or two from the context of the minutes of a very important meeting. In other words it is trying to create a situation where the representative of the director of the Veterans' Land Act in Vancouver, without any reference to head office at all, or to my responsible minister, was making a commitment on behalf of the dominion government which at that time he was not authorized to do. Had the writer of the article pursued the minutes further he would have seen that Mr. Barnett had qualified this, to the extent that it was subject to review by his superiors.

That is all I have to say, Mr. Chairman, but I do not feel that justice was done in this report.

Mr. SMITH: Well, would the witness now make similar comments on an article which appeared in the *Toronto Star*? It is to the same effect.

The WITNESS: I have not seen that article.

Mr. SMITH: I do not suppose so.

*By Mr. Burton:*

Q. Mr. Chairman, I have no desire to enter the controversy that has arisen between Mr. Murchison and certain sections of the press but there is further information that I would like to have on the sale of these lands. When we adjourned at the last meeting it was already passed the hour of adjournment and there were some further questions that I had which I would like to ask Mr. Murchison now. Just to refresh your memory, Mr. Murchison, if I remember correctly at that time you informed us that in the year 1943 you had paid municipal taxes amounting to somewhat over \$40,000, and that the rents acquired from those properties for you were in excess of the taxes, amounting to another \$8,000 and that had been remitted to the Receiver General. The question I had intended to ask at that time if the adjournment had not interfered was this. In the sale price of those lands to the veterans were the taxes you had paid added to the price of the land that you were selling to the veterans?—A. No?

Q. They were not added to the price of the land?—A. No.

Q. Then in subsequent years there were other taxes that you had to meet?—A. That is right.

Q. And none of those accumulated taxes that your department had paid were added to the sale price charged the veteran?—A. No.

Q. And in arriving at your sale price of the land to the veteran did you use the basis of that \$850,000 which you informed us at the previous meeting was the price that you had bought those lands from the custodian? In other words the sale price to the veteran was based on the \$850,000?—A. That is right.

Q. And your rents and taxes did not enter into that part of it at all?—A. No sir.

Q. And in obtaining those lands for the sum of \$850,000 you considered you had made a good buy for the veterans and you sold the land to the veterans for the same amount, as nearly possible, for which each parcel had been bought?—A. That is correct.

Q. In arriving at those figures for those different parcels would you mind just telling us how you made the breakdown between the selling of the individual parcels where you had bought them in a lump?—A. The difference between the appraised value and the price which was finally agreed upon, I stated the other day, was something like \$17,000. That was allocated on a percentage basis over all the parcels involved. I think it required an average of 1.8 per cent reduction on the appraised value in order to establish the price at which it was actually bought.

Q. In buying this land which you bought in a lump there was a certain number of parcels. Then there were some parcels you disposed of to people other than veterans where you did realize a considerable amount more than what you had to pay for it. Now that money went to the Receiver General of Canada and it did not enter into lowering the price of the land you were selling to the veterans?—A. No sir.

Mr. CLEAVER: On the other hand, I do not suppose you charged the veteran any interest or carrying charges?

The WITNESS: No sir.

*By Mr. Fleming:*

Q. Mr. Chairman, there are one or two matters on which I would like to ask Mr. Murchison questions. I take it from the remarks you have made on the article in the *Globe* that you have read fully, since our last meeting, the minutes and the correspondence. I gathered at the last meeting that you were not familiar with them but I take it you have read them since?—A. I have read the relative parts of the custodian's meeting of March 18, 1943. I have not had time to read the balance of the minutes.

Q. We can proceed then, on that basis. You will recall that in the minutes of March 18, on page 2 reference is made to the fact that Mr. Barnet, who was your representative, indicated that the department had completed their survey and the appraisals had been made. Actually it had been completed a good many months before. He went on to say, as is recorded in the minutes, that he did not wish to disclose the value of any particular properties at that time. And then later, at the meeting of May 19, if you will just turn forward you will see that on the first page it says—

The VICE-CHAIRMAN: What is the page number?

*By Mr. Fleming:*

Q. It is not numbered but it is on the first page in the first long paragraph. Mr. McPherson is making a statement and he says "That while he had been advised of the amount of a total bulk offer, he had only received a few minutes prior to this meeting figures which related to each individual property".

That is referring to the figures of your appraisers which the committee apparently thought they ought to have through Mr. Barnet. Did Mr. Barnet have any instructions at this stage of the negotiations not to disclose to the committee the contents of the appraiser's report which had been received by your department? That is, was he not to disclose them to the custodian's committee?—A. Yes, I recall, if my memory is correct, in the inceptive stages of negotiations we did not feel that it was good practice on our part to disclose all the details of the appraisals we had made on those properties when we were concerned with the purchase. Subsequently that was modified and according to the best of my recollection the details of the appraisals were made available to the custodian.

Q. At a somewhat later date in the negotiations. Am I correct in inferring from the reading of the minutes that, when the negotiations began and the first offer was made, on instructions from your department your representatives did not disclose the appraiser's reports which they had made to your department.—A. I think that is right sir.

Q. And I take it the reason is, and I am just bringing out the facts, I am not quarrelling with your motive in doing so, your reason was that you were acting for a buyer and the custodian and his committee were acting for a seller and you were dealing at arm's length? You were not disclosing all of the information you had when you were dealing with him with a view to buying on the best terms you could get.—A. I think it is fair but I would not say that we were dealing at arm's length.

Q. Well is there any qualification you would like to make?—A. Well I would say there was some caution on our part at the inceptive stages in disclosing all the details we had in regards to the individual valuations.

Q. Is it fair to use the expression that, as you were purchasing this land you were not "tipping your hand" to the custodian and his committee who represented the vendors?—A. I think that is a fair statement.

Q. There is one other matter Mr. Murchison which arises from the minutes of the meeting of May 24, the sixth page.

Mr. BURTON: What page?

*By Mr. Fleming:*

Q. It is on the sixth page. Now let me say, just in explanation of my question, I am recalling Mr. Murchison, that at the Tuesday meeting you indicated you were not taking the responsibility for protecting the interests of the custodian. That was not your function. Now about half way down on that page you will see a paragraph which relates to a discussion of the negotiations and it was suggested that "if a deal was made some protection should be given to the custodian in the event that the Soldiers' Settlement of Canada resold any parcels of land at a price in excess of the value at which it had been purchased. The Veterans' Land Act committee were not prepared to consider this matter and it was decided that this might be a question to be decided at Ottawa."

Now did you have a report on that matter from your representative?—A. I do not recall offhand that I had a report on the specific matter. I mentioned that according to my best recollection Mr. Barnet was under general instructions from me to be very careful about making any further commitments with regard to future disposal of these lands if they were to be purchased by the Veterans' Land Act because we did not know how long we would have to hold them under administration. That was in 1943 when the war was at a very serious stage and I think it was only natural and prudent on my part to avoid any long-range commitments with respect to what would be done if the property were purchased. I say that applied not only with respect to the purchases from the Japanese but all over Canada.

Q. In short, Mr. Barnet in taking that position was acting under your instructions?—A. My general instructions.

Q. And you did not want any commitments attached to the purchase as far as you were concerned?—A. No.

Q. And if there was to be any attempt made to share with the Japanese owners any advance in price, that definitely was not to be the concern of your department and you were leaving that to the custodian?—A. Well that would be a matter of general government policy on which I was not competent to make any decision at that time.

Q. Was this matter the subject of any further discussion or instructions on the part of the minister to yourself—your minister?—A. Not according to my recollection. I think it is on the record that in the final stages of the transaction an offer in writing was prepared by our Vancouver superintendent at a price of \$850,000 including certain conditions that were attached to the sale, one being the assignment of leases in existence; another being the refund to the director of the taxes collected by the custodian for the year 1943.

Q. Excuse me, but I think we have had all that before. The fact is that there was no reference to any commitment of this kind in the contract? You were saying there was no further discussion of that as far as you are aware, from the time this position was taken on your behalf by your representative at the meeting of May 24, 1943?—A. No.



*By Mr. Jaenicke:*

Q. I think you told us at the last meeting that you made your survey in 1942 by virtue of an order in council passed in January 1942; is that right?—A. No, it was passed in June 1942.

Q. I think you also told us that you made these appraisals not with a view to buying these lands; is that right?—A. That is right.

Q. Now, tell me if there has been a misunderstanding. I find in the minutes of the advisory board, the first meeting of March 15, Mr. McPherson explains to the advisory board his conversation with Mr. Barnet; is that it?—A. Yes.

Q. He is an official of your department. Mr. McPherson explains—and I quote from the minutes of that meeting—

The VICE-CHAIRMAN: What page?

Mr. JAENICKE: Page 6. I have marked this from beginning to end. It is on the first page of the minutes:

**Frank G. Shears, Director of the Office of the Custodian, Vancouver, recalled:**

*By Mr. Jaenicke:*

Q. Mr. Chairman, I wish to put on the record certain excerpts from the minutes which have been tabled so they might be printed in the proceedings. Mr. Shears might sit down because I have not very many questions to ask, but I should like to read some excerpts from the minutes and then ask Mr. Shears questions with respect to some of them.

I might also say I have carefully perused these minutes, and it is my opinion, so far as Mr. Shears is concerned, he has done a good job. Of course, he was acting under instructions. If there was anything not just right, if we came to the conclusion that these lands were sold for less than they should have been, I do not think the Vancouver office over which Mr. Shears presided had anything to do with it. I must pay him a compliment for the very fine way in which he has kept the minutes of the proceedings of the committee presided over by Judge Whiteside. I wish there were minutes of the other committee as well.

On page 3, I wish to read an extract from the minutes as follows:

Mr. McPherson who had come in from Ottawa . . . in his introductory remarks outlined the history behind the present situation, explaining the developments whereby the custodian took over the administration of evacuee property . . . Mr. McPherson also explained that the Soldier Settlement of Canada were now anxious to obtain land for the re-settlement of returned men and that they desired to purchase a large percentage of the formerly owned Japanese land.

I am now turning to page 8.

Mr. McPherson said that it was his understanding in the meetings held at Ottawa, at which the chairman attended, that it was definitely indicated that as a matter of policy it was the government's desire that the Soldier Settlement of Canada should have the first option to purchase any or all property if they so desired. Mr. McPherson pointed out, however, that while the Soldier Settlement of Canada had a first option to purchase, it did not necessarily follow that they could purchase at their price, that any sale to the Soldier Settlement of Canada would be for a reasonable price.



Now, was that the first time, Mr. Shears, that you had any intimation that the V.I.A. was interested in purchasing this property?—A. Yes, that was the first time.

Q. How long before had you been keeping your office in Vancouver?—A. The evacuee section of the office, the first of March, 1942.

Q. Prior to that time you had just been administering the lands, that is renting the property and etc.?—A. Yes.

Q. Now, the minutes I have just read would indicate to you there were some negotiations in Ottawa prior to the meeting in Vancouver? I mean, there had been a meeting between the departments about purchasing this land. Would not the minutes I have just read indicate that?—A. Yes, they would indicate that.

Q. The next item I will not read because it was already dealt with by Mr. McPherson. It is a minute on page 8, where Mr. McPherson also explained that the obvious purpose of surveying had been to ascertain whether or not these lands would be suitable for the rehabilitation of returned men.

On page 10, there is the following quotation.

Mr. McPherson advised the committee that he had been in touch with Mr. Barnet and Mr. Barnet had stated that they were considering purchasing approximately 75 per cent of all the rural lands with particular reference to the Fraser Valley and the Delta.

All this would indicate, Mr. Shears, that the committee was really set up to ascertain fair value of this land, was it not? That was really the purpose of setting up the advisory committee?—A. Yes.

Q. I should like to read from the minutes of the second meeting held in March, page 16—

Mr. FLEMING: I wonder if, to save a little time, since Mr. Jaenicke has indicated he proposes reading excerpts from these minutes—

Mr. CRICKSHANK: That is good, you save a little time!

The CHAIRMAN: Order, gentlemen.

Mr. FLEMING: Mr. Jaenicke has indicated he proposes to read certain extracts from the minutes. I propose to do the same thing. Would it save time if, as Mr. Jaenicke is going along, we could have my excerpts entered at the same time. For instance, he has not included a couple of paragraphs on page 11 which I intended to quote.

Mr. JAENICKE: I suggest you put that in later. My ideas on these things are, perhaps, different from Mr. Fleming's ideas.

There was a second meeting held on March 18, 1943. At page 16.

Mr. McPherson reported that immediately after the last meeting he contacted Mr. Barnet and discussed with him the question of the Soldier Settlement of Canada taking over a percentage of the farm lands. Mr. Barnet indicated that his department had completed their survey and knew approximately what properties they required and had estimated the values of same in so far as any purchases by that department was concerned. He, of course, did not wish to disclose the values of any particular properties at this time but agreed that if a sale could be negotiated he would be prepared to disclose the values after the custodian's valuers had made their survey and prices could then be compared and possibly a satisfactory price arbitrated with the approval of the committee.

Mr. McPherson explained that a special order in council was passed giving them authority to make a survey of the Japanese agricultural lands and that it further provided that they had the right to veto any dealings

with such land. The obvious purpose of this survey being to ascertain whether or not these lands would be suitable for the rehabilitation of returned men.

A. Yes.

Q. What have you to say about that?—A. As I pointed out to the committee on Tuesday, the purpose of the order in council was set out in that order in council. It authorized the director of Soldier Settlement to make an appraisal of these properties, and also placed the director of Soldier Settlement in control of the sale or lease of those properties during the life of that order in council.

Q. It says: "The obvious purpose of this survey being to ascertain whether or not these lands would be suitable for the rehabilitation of returned men."—A. I have no doubt that was a consideration; but the basic purpose of the order in council was to make an appraisal to determine as equitably as we could the equity of the Japanese people.

Q. Mind you, I do not make any objection to your stand, Mr. Murchison; I think it was your duty to make the best possible deal for the veterans; but I think that this committee is now considering the interest of the Japanese in this matter. That is all.

*By Mr. Fleming:*

Q. May I go back to one point? I think from what you have already said, Mr. Murchison, that it follows naturally that when you made those three sales to persons other than veterans at prices, I think, in all cases in advance of those paid in the block offer, you did not make any report on those sales to the custodian?—A. No, I reported them to the Governor in Council.

Q. I am not saying whether you should or should not have; the fact of the matter is that you did not see any occasion to report that to the custodian?—A. No.

The VICE-CHAIRMAN: Are there any other questions?

*By Mr. Cruickshank:*

Q. Mr. Murchison, you endeavoured across Canada to buy property for the veterans, on behalf of the veterans, at as low a price as possible, did you not?—A. That was our effort.

The VICE-CHAIRMAN: Mr. Murchison—

Mr. FLEMING: Nobody quarrels with that.

Mr. CRUICKSHANK: Then I do not know what you are wasting all the time of this committee about.

Mr. FLEMING: If it is not clear to my honourable friend he will learn by and by, if he keeps his ears open and uses another organ less.

Mr. CRUICKSHANK: I do not have to take any abuse from any legal member from Toronto who has monopolized this whole meeting for political purposes.

*By the Vice-Chairman:*

Q. Mr. Murchison, arising out of questions asked by Mr. Burton, I wonder if you could clear up one point to my satisfaction? You stated that you purchased these individual parcels of land at certain prices and then sold them at the same price or as near as possible?—A. Yes.

Q. In the event of your having to carry the lands for some considerable time and pay taxes, insurance and other sundry expenses, how would you debit those amounts?—A. They would have to be covered by our administration vote and absorbed by the department as a whole. I did not charge these tax disbursements against the lands in establishing the sale price to the veteran. That would

have been an unsatisfactory policy to follow because in buying land at that time we did not know how long we would have to hold it before we sold it, and by pyramiding the cost of the land by tax disbursements for quite a period it could quite easily create a situation where the sales price of the land for the veteran would be in excess of its value.

*By Mr. Probe:*

Q. Would not any one of these lands be producing revenue during the time of final disposal?—A. There was revenue; but unless I go into the details of the business I would say that the revenue received was not more than that required to meet ordinary carrying charges and taxes.

The VICE-CHAIRMAN: Gentlemen, if there are no further questions to be asked of this witness I will, with your approval, thank Mr. Murchison and release him. Now, Mr. Shears is here. Mr. Fleming, do you wish to ask any further questions of Mr. Shears?

Mr. JAENICKE: I do, Mr. Chairman.

The VICE-CHAIRMAN: Thank you very much, Mr. Murchison.

On page 17 there is the following quotation:—

Mr. Barnet felt that the proposed calling for public tenders on all properties and then giving the Soldier Settlement of Canada an opportunity to meet any individual bid might considerably embarrass the Soldier Settlement of Canada and might nullify their interest in the program—

Mr. Shears, was there any particular reason given as to why, at that time, values should not be disclosed?

The WITNESS: No, I do not think there was anything, of necessity, being hidden at that time. It was simply this; an appraisal had been made by the Soldier Settlement Board which Mr. Barnet had. They were starting negotiations for the purchase of this property. So, before saying, "Here are your 700 odd parcels against which is the price we are prepared to pay," it was Mr. Barnet's idea that should not be disclosed until an advisory committee on behalf of the custodian, first of all, came to a conclusion that they would consider the group offer from the Department of Veterans' Land. Also, as indicated in the minutes, if the advisory committee of the custodian was going to make a valuation it would be better, in Mr. Barnet's judgment, they should not know the price it was intended to offer. First of all, the advisory committee, without knowing what the offer was, should obtain their own valuation.

*By Mr. Jaenicke:*

Q. Then, also on page 17,

Mr. Barnet indicated to Mr. McPherson that having given the matter considerable thought he felt that the Soldier Settlement of Canada by purchasing a 100 per cent of the properties might be able to re-group same and have more units available for returned men than they might obtain by individual purchases. In addition to this, a re-grouping would result in their having certain farms available for resale and he agreed that if any profit was made by the Soldier Settlement of Canada on such resale, provided the sales were made within an agreed period, the amount of the profit would be paid over to the custodian for the account of the former Japanese owner.

Mr. Barnet of course desires that it should be clearly understood by the committee that his opinion is not binding upon his department—

That is the point we discussed?—A. Yes. I do not want to throw out any misapprehensions here, and, in fairness to Mr. Barnet, it should be distinctly



understood Mr. Barnet was not in attendance at any of these meetings. What you are reading from the minutes now is Mr. McPherson's view.

Q. From page 18, I wish to quote the following:—

Mr. Barnet asked Mr. McPherson how the committee proposed to arrive at any values and Mr. McPherson stated that he thought the committee might be prepared to arrange for the making of spot valuations by taking a percentage of farms in each municipality—

Mr. McPherson stated that as a result of his discussion with Mr. Barnet he had not prepared a public notice of the proposed sale, nor had he given instructions for the preparation of a catalogue as he was instructed to do at the last meeting of the committee.

The chairman then called upon the members of the committee to express their opinion on the matter of the proposed 100 per cent sale.

Mr. MacKenzie stated that he thought that since the custodian's policy generally was to advertise, if the custodian did not do so in this case, giving the public at least a chance to bid the committee might be subject to considerable criticism . . . he was also of the opinion that there were many people waiting for the opportunity of buying this land and that they should be given an opportunity to do so.

Were there any offers received, any unsolicited offers received by your office for the sale of this land, Mr. Shears?—A. No, I would say not. It might be possible that some people had written in about the purchase of land, but they were not given any consideration until after this particular deal had been consummated. It was a month or two later than that that the properties generally were advertised and tenders called. No individual sale had been made by the custodian previous to that.

The CHAIRMAN: Mr. Jaenicke may I suggest to you, in all fairness, if you are quoting Mr. McPherson, you should complete the paragraph. I am not unmindful of what you said to Mr. Fleming.

Mr. JAENICKE: I do not want to be misinterpreted. I quoted the paragraph in which Mr. Barnet stated it was clearly understood his opinion was not binding upon his department. I tried to be very fair and not try to pick out certain extracts.

The CHAIRMAN: I do not want to go all over this to put in the balance of the statements by Mr. McPherson, but I think the second portion of that paragraph you quoted has a direct bearing and would explain the reason for the first statement. If you do not wish to follow that policy, it is all right, but I thought I would suggest it to you.

Mr. JAENICKE: I have not all the minutes before me. I do not know what the paragraph is, but it is certainly satisfactory to me.

Mr. CLEAVER: Following out your suggestion, Mr. Chairman, might it not be wise if, on any occasion the witness believes an additional sentence or concluding paragraph should be added, to have the witness do that?

Mr. JAENICKE: I can assure the committee I am not doing this for any political purpose whatever. I believe we should be fair to the Japanese.

The CHAIRMAN: And to Mr. McPherson as well.

Mr. JAENICKE: I wish to be fair to all the officials.

Mr. PINARD: This paragraph to which the chairman was referring might be added now by the witness.

The WITNESS: "Mr. Barnet asked Mr. McPherson how the committee proposed to arrive at any values and Mr. McPherson stated that he thought the committee might be prepared to arrange for the making of spot valuations by taking a percentage of farms in each municipality and that prices valued in

this way could then be prepared with the valuations of the Soldier Settlement of Canada and the percentage of difference estimated, and if agreed upon, such percentage could be added to the total purchase price."

Mr. JAENICKE: Yes, I mentioned something like that previously. I come to that later, anyway. You refer in these minutes to a 100 per cent sale; what does that mean?

The WITNESS: That meant a 100 per cent sale of farm land in the Fraser Valley area.

*By Mr. Jaenicke:*

Q. One hundred per cent of the parcels or 100 per cent of the— —A. Of the Japanese owned farm lands.

Q. Yes, but 100 per cent of the parcels or 100 per cent of the valuation of the S.S.B.?—A. It was really 100 per cent of the Japanese owned land in the valley with the exception, as has been pointed out by some member of the committee previously, there were a relatively few properties in that area which were somewhat expensive properties which were not suitable for the purposes for which these lands were being negotiated.

Q. On page 22 Mr. MacKenzie stated,—I will just read this into the record to show the attitude of some members of the committee.

Mr. MacKenzie stated that one of the principal objects of the committee was to see that there should be British fair play and that was the basis upon which he was prepared to consider the question and Mr. Yamaga could be assured that the committee would see that everything possible was done to protect the Japanese interests in their property.

What do they mean by "protecting Japanese interests"?—A. The advisory committee of the custodian was set up to give advice to the custodian and the custodian was there in the position of representing the Japanese evacuees. To that extent, I would say that the advisory committee did always have in mind the fair interest of the Japanese.

Q. So, what was meant was that a fair price should be obtained for the Japanese?—A. Yes, definitely.

Q. Now, I have some extracts from the minutes of the meeting held on May 19. I am reading from pages 25 and 26.

Mr. McPherson outlined the work that had been going on in Ottawa in regard to the Soldier Settlement of Canada. . . .

Mr. McPherson stated that the offer received was for \$750,000. As previously mentioned he had only just obtained the statements which showed the basis on which this offer was made and that the statements were supplied on the condition that copies were not made.

On page 26 there is the following:

The offer covered 769 parcels.

Later, on the same page, there is the following:

The revenue from these lands at present under lease was approximately \$83,000.

Mr. McPherson mentioned that the Soldier Settlement of Canada had appraised all these lands in 1942 upon the instructions of their minister and Mr. Barnet stated at that time they did not know it was being done with a view to purchasing these lands.

Mr. McPherson said that he was placing this offer before the committee but that he did not wish to express any opinion as to whether he agreed with it or not. He thought that the committee should decide how they wished to check these valuations of the Soldier Settlement of Canada.

Again, no copies were to be made. At that time, were valuations of the Soldier Settlement Board disclosed to the members of the committee?—A. This is the third meeting, is it?

Q. It is the third meeting on May 19.—A. Yes.

Q. I presume when Mr. McPherson talks about a statement supplied on condition copies were not made, it refers to the valuation by the Soldier Settlement Board?—A. Precisely.

Q. Were the members of the committee given copies of it or were they advised of the valuations at that time?—A. There was one copy lying on the table. It listed the 769 parcels and the values were placed opposite.

Q. Was there any promise made by the members not to disclose the values if they had seen them or something to that effect?—A. No, I do not recollect that.

Q. Then, on page 27— —A. Just a moment, it is suggested I should read something in addition to what you have just quoted.

Mr. McPherson said he was placing this offer before the committee but that he did not wish to express any opinion as to whether he agreed with it or not. He thought that the committee should decide how they wished to check the valuations of the Soldier Settlement of Canada. He suggested that Mr. Yamaga's property might be used as an example and he asked Mr. Yamaga what he would consider a fair price for his property so that it could be compared with the Soldier Settlement of Canada's valuation. Mr. Yamaga said it depended upon the date the valuation was taken. If it was taken before May last, he would include his crop of raspberries and strawberries, thereby increasing the price by a few hundred dollars, but he thought about \$2,000 would be a fair valuation. Reference to the Soldier Settlement's statement showed their appraisal to be \$1,614.

Q. I did not include that because we have, later on, the independent appraisal of the 17 parcels which I should like to place in evidence. I believe it works out to be about the same as Mr. Yamaga's figure.

On page 27,

The chairman suggested that it might be well to have a subcommittee go out and value certain properties, taking a few from each municipality, and he suggested Mr. MacKenzie, Mr. Menzies and Mr. Yamaga could do this and report back to the committee at its next meeting and this was agreed to.

That committee was appointed and then went out to make its valuations, isn't that right?—A. Yes.

Q. They made their report on May 24?—A. Yes.

Q. It is in the meeting of May 24 that you have the first letter from the Soldier Settlement of Canada offering \$750,000 for the 769 parcels of land, upon certain conditions contained in that letter?—A. Yes.

Q. I think we should have this letter on the record. Mr. Fleming, I believe, wants it on the record.—A. This is the letter from Mr. I. T. Barnet, District Superintendent to the Custodian of Japanese property in the protected area in British Columbia, Vancouver, May 17, 1943. It is the one which commences:

On behalf of the directors—

*By Mr. Pinard:*

Q. What was the offer in that letter?—A. \$750,000.

Mr. PINARD: If the offer was increased, I do not see the necessity for filing the letter.

Mr. JAENICKE: The terms were in that letter.



Mr. PINARD: Due to the fact the offer was increased, I do not see the necessity for filing it.

Mr. JAENICKE: It came out in one of our meetings that there was a second offer then a third offer was made and the third offer, which was accepted, was not as good as the second offer. I referred to the terms in this letter.

Mr. FLEMING: I think it would be just as well to have this letter go in if there is no objection to it. I referred to this letter in my questioning of Mr. Murchison at the last meeting. I think the letter should go in.

Mr. PINARD: I do not wish to enter any objection.

(The letter follows):

### SOLDIER SETTLEMENT OF CANADA

518 Rogers Building,  
VANCOUVER, B.C., May 17, 1943.

The Custodian of Japanese Properties  
in the Protected Area in British  
Columbia, Vancouver, B.C.

DEAR SIR: On behalf of the Director, the Veterans' Land Act, and subject to Ottawa approval, I beg to submit an offer to purchase seven hundred and sixty-nine (769) parcels of land, together with all existing buildings and other improvements, tree, bush fruits, etc., growing thereon, more particularly described in the attached schedules (errors and omission excepted), and formerly occupied by persons of the Japanese race at and for the aggregate sum of Seven hundred and Fifty thousand (\$750,000) Dollars subject to the following conditions:

(1) Delivery of title fee simple in the name of the Director, the Veterans' Land Act, free from all encumbrances and setting forth legal boundaries in terms acceptable to the Director, and the Registrar of Land Titles for the district in which the land is situated; delivery of titles to be completed by August 31, 1943;

(2) All taxes and charges to be paid or adjusted to May 31, 1943;

(3) Assignment to the Director, the Veterans' Land Act, of all leases and unpaid rentals as at May 31, 1943;

(4) Assignment to the Director, the Veterans' Land Act, of all existing fire insurance policies adjusted to May 31, 1943; (b) In the event of buildings having been removed, or destroyed by fire, subsequent to the appraisal made in 1942, the gross offer is to be reduced by the amount of the appraised value of the said buildings as established by the Director, the Veterans' Land Act;

(5) In the event of the Custodian being unable to deliver titles to any of the lands listed in the attached schedules, the gross offer herein is to be reduced by the amount of the appraised value of such lands as established by the Director, the Veterans' Land Act, in the appraisal reports made in 1942;

(6) Possession upon delivery of titles subject only to condition number three (3) above;

(7) Acceptance of this offer, in writing, within thirty (30) days.

Yours very truly,

(Sgd.) I. T. BARNET,  
District Superintendent.

*By Mr. Jaenicke:*

Q. Then, I wish to refer to the report of the subcommittee appointed to appraise the 17 properties. There are 17 properties which the committee valued at \$43,100 and the S.S.B. valuation was \$28,232. I find there are two appraisals made by the S.S.B. which are higher than the committee's and those are in the municipality of Mission. I may say there were four parcels in the municipality of Surrey, five in Maple Ridge, four in Mission, two in Pitt Meadows and two in Matsqui.

The minutes read as follows:

It was noted that the valuation made by the committee was approximately 50 per cent above that offered by the Soldier Settlement of Canada. A. If you would permit me, for the purpose of the record, I should like to say that this valuation was made—is the date specified? In any event, it would be May or June of 1943, and the reference to the Soldier Settlement valuation would, of course, take it back to May of 1942.

Q. The committee's valuation was made a little less than a year, say about ten months, after the Soldier Settlement valuation was made?—A. Yes.

Q. On page 32 of the minutes there is the following:

The chairman then asked for consideration to be given to the price and terms offered by the Soldier Settlement of Canada.

The feeling of all the members of the committee was that the offer was too low. Mr. MacKenzie pointed out that their committee had made what they considered a conservative valuation of the 17 properties which they had inspected and some members of the subcommittee considered that their valuations could have been somewhat higher.

I have no questions to ask on that. I just put it in as an observation.

I read from the next page,

At this point Mr. McPherson mentioned that the Regional Committee of the Veterans' Land Act were at present meeting in New Westminster and that it might be possible to invite them to the meeting and discuss their offer.

Later, on page 34, the minutes apparently show the arrival of the committee.

At this point representatives of the Regional Board of the Veterans' Land Act joined the meeting. The following attended:

Mr. T. Godfrey

Mr. E. Carneross

Mr. J. J. MacLennan.

There is an excerpt I wish to read from page 35 of the minutes.

After considerable discussion the advisory committee indicated that they might be prepared to accept an offer of \$900,000 cash. Mr. Godfrey, on behalf of the Veterans' Land Committee stated that they would be prepared to offer \$800,000. The chairman suggested that it might be well for the two committees to consider a compromise of \$850,000.

I presume, Mr. Shears, there was considerable discussion between the two committees?—A. Yes, there was.

Q. You would have a difficult time noting the different persons' opinions and observations at that time?—A. Yes. I think this meeting lasted for two or three hours and this is really the meat of the discussion.

Q. You suggest that the advisory committee was prepared to accept \$900,000 cash. Can you recollect as to whether that was a unanimous opinion or decision of the advisory committee?—A. It was not put to a vote.

Q. I am asking for your opinion; do you think it was unanimous or did Mr. Yamaga object?—A. No, Mr. Yamaga did not specifically object at this meeting.

*By Mr. Stewart (Winnipeg North):*

Q. He was at this meeting, was he?—A. He was there at this meeting, I will just check up, but I feel sure he was. Yes, Mr. Yamaga was there.

Q. The advisory committee tried to get the best possible price, I presume, and the soldiers' representatives tried to get the smallest possible price?—A. Yes.

Q. And no decision was made at that meeting?—A. No, not at that meeting.

Q. Then in the extracts of the meeting of the 1st of June, on page 36 there is a letter from Mr. Yamaga to his honour Judge Whiteside which I will read into the record:

VANCOUVER, B.C.,  
May 26, 1943.

Hon. Judge WHITESIDE,  
Chairman of Advisory Committee  
for Liquidation of Japanese Property,  
New Westminster, B.C.

Honourable SIR: Judging from the atmosphere of the meeting held on 24 May at Mr. McKenzie's office New Westminster I fear the outcome of the Custodian's negotiation with Soldier Settlement Board seems to bring unfair result to the Japanese owners and continuation of my service is no longer necessary.

Therefore I tender my resignation as a member of your committee.

Yours truly,  
(Sgd.) Y. YAMAGA."

Now with respect to the "atmosphere" of the meeting of the 24th of May was there a tendency to give in to the Soldiers Settlement people?—A. No, I would say the only possible reference there was a suggestion that some offer of less than the value of the Soldier Settlement Board would be given consideration. I think it is fair to say here this letter came as a surprise to the committee when it was received. I mean to say that it was the feeling of the advisory committee, by and large, that Mr. Yamaga was not only in favour of the principle but that he did not express any radical opposition to the way the matter was being conducted. I do admit this letter would belie that statement.

Q. Now then there is a letter on page 38 from Mr. McPherson to Mr. Barnet. I do not know whether anyone else wants the whole letter put on the record but it is simply an explanation by Mr. McPherson to Mr. Barnet as to the happenings in the committee and he indicated the committee would be pleased to recommend an offer of \$1,000,000 with ten per cent reduction.

Mr. FLEMING: For cash?

Mr. JAENICKE: Yes, for cash.

Mr. FLEMING: I suggest that the whole letter go in.

Mr. JAENICKE: I was only picking out the last paragraph but if the whole letter goes in it is fine with me. On the same date Mr. Barnet wrote Mr. McPherson a letter, that is on page 38 and I presume that letter can go in.

The VICE-CHAIRMAN: Is it agreed that both letters shall go in?

Agreed.



25th May, 1943.

Mr. I. T. BARNET,  
The Soldier Settlement of Canada,  
Rogers Building,  
Vancouver, B.C.

*Re: Japanese Agricultural Lands*

Dear Sir: I have your letter of May 25 and your suggestion that I should advise you what offer the Custodian's committee is prepared to accept.

It is, of course, understood that the Custodian's committee will only recommend that the Custodian accept a satisfactory offer, and on this basis I would advise you that the committee indicated that they would be prepared to recommend acceptance of an offer of \$1,000,000 with a possible reduction of 10 per cent for cash. I would appreciate your advice as to whether or not you are prepared to make an amended offer which could be submitted to the Custodian's committee for their further consideration.

In the discussions yesterday the committee were advised that the Soldier Settlement of Canada are considered as official appraisers for various government departments, and in view of this expressed the opinion that your offer should at least be in the neighbourhood of your own appraised value, which they believe to be \$867,000. I am of the personal opinion that if you make an offer of approximately somewhere between \$850,000 and \$900,000 the committee would be prepared to give it at least favourable consideration.

Yours truly,

(Sgd.) W. G. McPHERSON,  
*Executive Assistant.*

Soldier Settlement of Canada  
518 Rogers Building,

Vancouver, B.C., May 25, 1943.

G. W. McPHERSON, Esq.,  
Custodian of Enemy Property,  
675 Hastings Street, W.,  
Vancouver, B.C.

*Japanese Agricultural Lands*

DEAR SIR: I have for acknowledgment your letter of May 25 in which you indicate that you believe your committee is prepared to favourably consider an offer in the neighbourhood of \$850,000.

You will recall that when you first invited an offer on these lands I expressed the opinion that we would only be interested in a part of them and, when your committee was so informed, they indicated that favourable consideration would be given if an offer was received en bloc apart from schools, churches, co-operative plants, etc.

It has always been an accepted fact that the buyer who takes a large block of properties is entitled to discount for cash of from at least ten to twenty-five per cent. I am advised by my regional advisory committee that they offered your committee \$800,000 yesterday for these lands in an attempt to close the transaction.

On further consideration I beg to offer the sum of Eight Hundred and Twenty-five Thousand (\$825,000) Dollars for the said lands on the terms and conditions set out in our letter of May 17.

Yours very truly,

(Sgd.) I. T. BARNET,  
*District Superintendent.*

Mr. JAENICKE: Then there is a letter on page 40 from Mr. McPherson to Mr. Murchison.

The WITNESS: You mean Mr. Murchison to Mr. McPherson do you not?

Mr. JAENICKE: Yes, I am sorry, from Mr. Murchison to Mr. McPherson. It is dated May 29. Do you want that letter to go in?

Mr. FLEMING: It may as well.

The VICE-CHAIRMAN: I should think it should go in.

## SOLDIER SETTLEMENT AND VETERANS' LAND ACT

### OFFICE OF THE DIRECTOR

Ottawa, May 29, 1943.

G. W. McPHERSON, Esq.,  
Executive Assistant, Office of the Custodian,  
Department of the Secretary of State,  
Ottawa.

DEAR MR. McPHERSON,—I have received your letter of the 28th instant advising me that the custodian is not prepared to accept our offer of \$825,000 for the lands more particularly described in the schedules which accompanied our original offer in writing, dated May 17.

Advice received from Mr. Barnet at Vancouver indicates that your Vancouver committee consider these particular lands are worth approximately one and one-quarter million dollars, and I may advise you frankly that the director, the Veterans' Land Act, is not interested in these lands at that figure.

My position in this matter differs materially from that of an ordinary purchaser for the following reasons:

1. A firm offer for cash has been made for 769 parcels of property and I have no reason to believe there is any other single agency or person in the market for that number of parcels.

2. Our appraisalment of these lands was made on the basis of ordinary terms of sale and without regard to any temporary boom or speculative values brought about by a state of war. The offer which has been made represents only a minor cash discount on our valuations, and in ordinary land transactions a fair discount on ordinary terms for cash purchase is not uncommon.

3. The buildings on many of these properties are of cheap construction. Many of them are in poor repair and subject to more than ordinary risks of depreciation.

4. The offer to purchase these lands is made for the purpose of using them for the re-establishment of Canadian veterans after the war. Few of these properties can be used for this purpose without additional expenditure for the repair of existing buildings or the erection of new homes suitable for the occupation of a Canadian veteran and his family.

5. No one knows when the war will end, but if the lands are acquired now I must assume responsibility for the cost of administration, annual taxes, fire insurance, and depreciation, with no definite assurance that revenue from these lands will meet ordinary carrying charges.

As stated above, the director is not interested in acquiring these lands at the values which seem to exist in the minds of at least some of the members of your Vancouver committee, but with a view to closing this transaction, I am prepared to increase our latest offer by \$25,000 to a total of \$850,000, subject to the same terms and conditions which were set out in our written offer on May 17. This is the final offer I am prepared to make for these particular properties in bulk.

I would appreciate your final decision in this matter at your earliest convenience.

Yours very truly,

(Sgd.) G. MURCHISON,  
*Director.*

Mr. JAENICKE: And the part I am drawing to your attention is this "I am prepared to increase our latest offer by \$25,000 to a total of \$850,000 subject to the same terms and conditions as set out in our written offer of May 17."

Then on page 41 we have a portion of the minutes which I think is rather singular. The committee stated the reasons as to why they would accept the offer and I should like to put this on the record and I quote from the minutes.

Mr. FLEMING: Would you read the whole motion? I think the extract should be given at the top of the page where it says "after the committee had discussed," etc.

After the committee had discussed the correspondence and the amended offer.

It was moved by Mr. MacKenzie and seconded by Mr. Menzies—

That having duly considered the revised offer of the Soldier Settlement of Canada for the purchase of 769 parcels of land with all existing buildings and other improvements, trees, bush fruits, etc., more particularly described in the attached schedules and formerly occupied by persons of the Japanese race for the sum of Eight Hundred and Fifty Thousand Dollars (\$850,000).

Having in view:

- (a) That this committee concurs in the policy of liquidation of Japanese properties in the Protected Area of British Columbia as provided for in order in council P.C. 469.
- (b) The purpose for which such lands are required.
- (c) That the offer is not for selected individual parcels but for a block of 769 parcels which include a large proportion of uncultivated land and a considerable amount of bush land.
- (d) That while the appraisals of 17 farms made by this committee were in excess of the appraisals of the Soldier Settlement of Canada that it was realized that present values are enhanced due to war conditions and do not represent ordinary land values as in normal times.
- (e) That the present offer is for cash and can therefore be reasonably expected to be less than the appraised value in view of the interest which may accrue by investment of the purchase funds.
- (f) That the Custodian will be relieved of the cost of administration, taxes, fire insurance, depreciation.

This committee is therefore of the opinion that the offer of Eight Hundred and Fifty Thousand Dollars (\$850,000) is fair and reasonable and recommends to the Custodian the acceptance of same subject to the terms of their offer.



The vote on this resolution was unanimous and it was agreed that the offer and recommendation should be written in the minutes and signed by the committee and a copy be supplied to each member for his own record.

*By Mr. Jaenicke:*

Q. Consideration all of these clauses, *a, b, c, d, e, and f* does that not sound something like an apology for having accepted an offer that was not really a good one?—A. This was the conclusion which the committee arrived at and there was justification for recommending to the custodian that the offer be accepted.

Q. It appears there was some verbal discussion and then there is also a letter on record from the secretary of state, Mr. McLarty, to Mr. Murchison, dated June 22, 1943 and this letter defines the terms that were changed and I would like to have this letter on the record. It is on page 44.

OTTAWA, June 23, 1943.

GORDON MURCHISON ESQ.,  
Director, Veterans' Land Act,  
Ottawa, Canada.

*Re: Japanese Evacuee Lands*

Dear Sir,—Your offer to purchase seven hundred and sixty-nine (769) parcels of land for eight hundred and fifty thousand (\$850,000) dollars, subject to the terms and conditions set forth in your Mr. Barnet's letter of May 17, as amended by your letter of May 29, is hereby accepted subject to the following conditions which I understand Mr. McPherson has discussed with you and with which you agree. These conditions are as follows:

1. All taxes, charges and fire insurance for the crop year of 1943 will be assumed by you.
2. All rents paid or payable for the crop year 1943 will be assigned to you less such adjustments as may be necessary to take care of any taxes, charges or fire insurance paid for the 1943 crop year.
3. All existing lease agreements covering the lands included in your offer will be assigned to you by a general assignment, you already having duplicate copies of all such leases.

I would appreciate receiving a letter from you confirming these variations in the conditions of your offer.

Yours very truly,

(Sgd) N. A. McLARTY  
*Secretary of State.*

Q. The point which I would bring out is contained in the paragraph which reads:

All rents paid or payable for the crop year 1943 will be assigned to you less such adjustments as may be necessary to take care of any taxes, charges or fire insurance paid for the 1943 crop year.

You heard Mr. Murchison's evidence at the last meeting?—A. Yes.

Q. And he seems to claim he got a better deal with \$850,000 with adjustments of rent and so on than he would have in the offer of \$825,000? Do you agree with that?—A. All I can say in that connection is that it was only at this time that the Vancouver office received word of the final arrangements

which had been made. A copy of Mr. McLarty's letter was sent to the Vancouver office indicating that the deal was to be made on the basis of \$850,000 and adjustments were to be made as of January 1, 1943.

The VICE-CHAIRMAN: It is agreed that this letter shall go in?  
Agreed.

Mr. FLEMING: I think that the letter is already on the record. It was put in by Mr. Shears at a previous meeting.

Mr. BURTON: It will be just as well to have it put in here.

Mr. FLEMING: For continuity.

*By Mr. Jaenicke:*

Q. Your committee was not consulted regarding the terms of sale?—A. Not at that date.

Q. As far as you were concerned you were selling at \$850,000 and the adjustment was to be made as of May?—A. That was the committee's recommendation.

Q. On page 64 there is one little paragraph that I would like to put on the record. It is an extract from the minutes of the meeting held on January 13, 1944.

Mr. FLEMING: Did you say page 64?

Mr. JAENICKE: Yes.

Mr. Shears referred to a recent visit he had made to Ottawa and advised the committee that it was now the wish of the custodian that in view of the fact that the director, the Veterans' Land Act was not likely to be interested in any further properties that an orderly liquidation of the balance of the properties vested in the custodian should be proceeded with.

What did you have in mind by "an orderly liquidation"?—A. Just this, and I think this should go on the record. The Soldiers' Settlement appraisal or the order in council authorizing it was made in June of 1942. There was order in council, P.C. 469 of the 19th of January 1943 which, for the first time, clarified the custodian's powers to include a policy of liquidation. Up to that time, although it was set out under order in council it was not the policy of the custodian to liquidate any property. The first liquidation of properties was this deal which at this stage had been consummated with the director of the Veterans' Land Act. That, being completely out of the way, advice was then received that it would be in order now, under P.C. 469, to proceed with the sale of the other properties to individuals and therefore you have the use of the expression, "orderly liquidation".

Mr. PINARD: If I may interject, you have referred to P.C. 469 which has not been tabled. I suggest that it also be put in the record.

*By Mr. Jaenicke:*

Q. Mr. Shears, I am not laying any blame on you whatsoever. I think you have done a good job but this word "orderly", does it not imply that the other liquidation was "disorderly" at least; or extraordinary?—A. The difference was as follows. Here was a group sale which had been made and I came to the committee and I passed on the information that the rest of the properties should be sold and that they were to be sold under the management of myself as director of the office and that it was to be proceeded with in an orderly manner. That would then bring in the question of the advertising and the calling for tenders and so on, matters which have all been referred to before this committee.

The VICE-CHAIRMAN: Do you think the expression "continued orderly manner", would be better?

The WITNESS: Yes.

*By Mr. Cruickshank:*

Q. I wonder if Mr. Shears has information as to the total acreage of those Japanese farms?—A. I am awfully sorry that I have not, sir. It has been established that there were approximately 10,000 acres involved in this particular deal.

Q. Have you any idea as to how many acres were under cultivation and how many acres were mountainous and on the side of hills? I wonder if you could tell us that for the benefit of my long-haired friends who have not seen a berry-farm?—A. In this particular deal, as I said, there were about 10,000 acres of which about 4,000 were cultivated.

Q. Have you any idea how many acres were on the side of hills and mountains and so on?—A. I have driven through the country and I have seen that quite a few of them are on the side of hills.

Q. You are familiar with what I am referring to?—A. They are on the sides of hills, yes.

The VICE-CHAIRMAN: Are you through Mr. Cruickshank?

*By Mr. Cruickshank:*

Q. What I am driving at, Mr. Chairman, is this. The valuations are being questioned, the values of these farm lands at that time and at later periods, and I am asking Mr. Shears if he agrees that at that time there was no demand for this class of land on the general market? Is that correct as far as you know?—A. As far as I am aware there had been no keen demand for those properties at that time.

Q. Then you will agree, I presume, that class of land requires a lot of labour?—A. That is definitely true.

Q. And do you agree that at that time the labour was not available in the province of British Columbia? What I am driving at Mr. Chairman, is this. I think there is no dispute about it. If this land had been thrown on the open market it would not have been in great demand, except in one or two cases.

Mr. JAENICKE: That is not borne out by the minutes.

Mr. CRUICKSHANK: It may not be borne out by the minutes but it may be borne out by some of us who belong to British Columbia.

Mr. STEWART: It is certainly not what I have gathered.

Mr. CRUICKSHANK: Are you questioning the veracity of this gentleman and the evidence before this committee?

Mr. STEWART: I am going to take what I see in the minutes and I have my own idea of what you say.

*By Mr. Cruickshank:*

Q. I made the statement that this class of farm land was not in demand in that period. Am I not correct in that Mr. Shears?—A. I could not answer that question because as far as the custodian was concerned it had not been put to any proof at all. It had not been tested out. I will say this however, when the Japanese were evacuated, in cooperation with the Pacific Cooperative Union and other unions, tenants were put on all these farms and many of them turned out to be not particularly satisfactory tenants.

Mr. JAENICKE: But you did collect \$83,000 in rentals for that period, or approximately that amount?

The WITNESS: The rentals were about that much.

Mr. CRUICKSHANK: In my opinion, coming from that district, these farms were not in demand at that time. Also I do not think the class of labour was available to farm the farms at that time. In other words, if you get \$100



an acre for a piece of land at that time, and I am using the \$100 only as a figure of speech, two years later you might have got \$200. I think you will agree that is fair.

Mr. FLEMING: May I, for the benefit of my friend, the honourable member from Fraser Valley who has seen a berry-farm, read an extract from page 31 of these minutes which reads: "In reply to an enquiry from Mr. Yamaga, Mr. Shears stated that the 769 properties contain a total acreage of 9,859 acres of which 3,959 acres were cultivated and that the total assessed value was \$1,225,703".

That is just read in passing, but to complete the record may I cover four or five extracts which I think have not been read and which I think ought to go in to complete the record. The first extract is on page 11.

The VICE-CHAIRMAN: Will you give the full quotation in each case, Mr. Fleming?

Mr. FLEMING: Yes. This is from the minutes of the meeting of March 15, 1943 and it begins:

In order that the work of the committee might not be delayed, a general discussion took place as to the best method of advertising and the policy adopted by the custodian in the liquidation of motor vehicles, where a general advertisement was published and a catalogue prepared for examination, was considered and it was felt that subject to the decision of the Soldier Settlement of Canada, this might be a suitable policy to adopt in this case.

Mr. MacKenzie expressed the opinion that all sales should be for cash although he was of the opinion that such a ruling by the committee might result in considerable curtailment in the number of sales.

As to the method of valuing the property, Mr. McPherson pointed out that the Soldier Settlement of Canada had surveyed the property and valued same but that their values were as prospective purchasers and not vendors.

I turn now to page 19, an extract from the minutes of the meeting of March 18:

Mr. McPherson explained that the reasons why the Custodian adopted a policy of advertising enemy property were first to ascertain the market value, and thereby have an answer for the enemy owner as to the value received for his property, and secondly to avoid any criticism by the public that by private sales individual persons in Canada had been given priority over the public generally. He pointed out that this policy was not to be interpreted that the Custodian recognized that any individual in Canada had any right to buy property from the Custodian or to demand that sales be made by public notice. He also pointed out that in many cases sales were made to government departments, provincial and dominion at appraised values without any public notice being given where it was considered that articles for sale could be of use in Canada's war effort. For example, the sale of motor vehicles to the R.C.M. Police prior to the publication of a notice calling for tenders generally.

Mr. McPherson stated that a sale to the Soldier Settlement of Canada could not be criticized by any individual on the grounds that he had a right to bid against the Soldier Settlement of Canada and he was of the definite opinion that for patriotic reasons no private citizen in Canada could complain of a sale to the Soldier Settlement of Canada, the purpose of such sale being to rehabilitate returned soldiers. He suggested to the committee that in considering the desirability of adopting a

policy of a bulk sale to the Soldier Settlement of Canada they should keep in mind the fact that the Custodian as a trustee for the Japanese evacuees is not primarily concerned with any supposed rights of white people to purchase their lands.

Then, on page 27, an extract from the minutes of the meeting of May 19. There was an extract read from this page, but I should like to read this portion to complete the paragraph.

Mr. Mackenzie said that he could not understand why Mr. Barnet did not wish copies of his figures to be made.

May I interpolate at this point, this goes back to the discussion as to why the appraisals from the Soldier Settlement Board were not made available to the committee.

He thought that each member of the committee should have a copy so as to be able to make a thorough check. However, Mr. McPherson suggested that in order to get an independent valuation the farms should be valued without seeing the list received from Mr. Barnet.

Then, on page 34, a sentence or two was read from this page, but I think the balance of the page ought to be read. The extract which was read was to this effect:

At this point representatives of the Regional Board of the Veterans' Land Act joined the meeting.

This is the meeting, Mr. Chairman, of May 24. "The following attended; then, it gives the names of the three men. The minutes then read as follows:

Mr. Godfrey outlined the methods under which they had made their appraisals and that the appraisers were considered to be exceedingly well qualified. He stated that their appraisals were not made by snap judgment but after thorough investigation and survey and he stated that valuations had not been made with the idea that the Soldier Settlement of Canada would be prospective purchasers and that he considered their offer of \$750,000 very fair.

Mr. Carncross also stated that the appraisers were well known to him and were trained and experienced men. He stated that if the war continued, revenues would be offset by taxes, depreciation and administration costs. While he believed the appraisers' values of \$867,000 could be considered an accurate and fair valuation, it included a lot of property which would be unsuitable for their purpose and require a great amount of rehabilitation and in view of the fact that their offer was for cash he considered that \$750,000 was a good offer.

Mr. J. J. MacLennan stated that only about 10 per cent of the Japanese properties were low land.

Those, Mr. Chairman, are statements from the three representatives of the Soldier Settlement of Canada.

On page 53, we have a letter written by Mr. Shears to Mr. Barnet dated October 30, 1943. It does not relate to the sale of the 769 parcels but perhaps it might be just as simple to put in the whole letter. I am concerned with one sentence in it.

The committee assume that the appraisals—

I take it that that is the Custodian's committee.

—the appraisals were made on the same basis as before and they were definitely of the opinion that such appraisals were very conservative as to value.

Now, Mr. Chairman, that leaves just two matters about which I should like to ask, with your approval.

The CHAIRMAN: The whole letter will go in, gentlemen. (The following is the full text of the letter.)

30 October, 1943.

I. T. BARNET, Esq.,  
District Superintendent,  
Soldier Settlement Board and Veterans' Land Act,  
518 Rogers Building,  
Vancouver, B.C.

Dear sir: Your letters of October 4 and your two letters of October 13 were duly received in which on behalf of the Director, The Veterans' Land Act you submitted an offert as follows:—

No. of Properties	Appraised Value	Offer
33	\$ 39,329.00	\$ 35,000.00
11	6,834.00	6,500.00
1	584.00	500.00
	<hr/>	<hr/>
	\$ 46,747.00	\$ 42,000.00

These offers have been considered by the advisory committee under the chairmanship of Judge Whiteside.

The appraised value of the 769 parcels of land included in the recent deal with the Veterans' Land Act was \$867,000, the purchase price being \$850,000. The advisory committee pointed out that the difference was approximately 2 per cent.

As noted the above total appraised value of the properties now under consideration is \$46,747 and your offer is \$42,000, an approximate difference of 10 per cent.

The committee assume that the appraisals were made on the same basis as before and they were definitely of the opinion that such appraisals were very conservative as to value.

They feel unable to recommend to the Custodian that your offer be accepted but if you would revise it and agree to purchase all the properties on your list to which the Custodian is able to deliver title, at 2 per cent less than the appraised value, they would be prepared to favourably consider such an offer.

I would therefore be glad if you would advise whether or not the Director, The Veterans' Land Act would be interested in the purchase of these properties on the basis suggested and if so we will take the matter up further and recommend the acceptance of same to our department at Ottawa.

Yours truly,

(Signed) F. G. SHEARS,  
Director.

*By Mr. Fleming:*

Q. On page 41, Mr. Jaenicke asked Mr. Shears some questions about the minutes and the resolution approving the acceptance of the offer from the Soldier Settlement Board. I have a question or two on that. Mr. Shears, was this resolution preparad in advance of the meeting?—A. No, it was not prepared—at the conclusion of the meeting, a draft was made, with all the members present. Those are the points that they wanted emphasized and, later



than that, I think the chairman, Judge Whiteside, incorporated the whole thing in his recommendation to the Honourable Secretary of State. It was not prepared, it was prepared from the meeting.

Q. Does it come down to this, then, the resolution which is quite a formal resolution, is it not?—A. Yes, and it was suggested it should be formal since this was the conclusion of the whole matter, and I think it states each member should have a copy of it.

Q. What I understand you to say is that this formal resolution was not prepared in advance of the meeting. There was a discussion at the meeting and the committee decided on the course it would take and the formal resolution was drafted?—A. Drafted, yes.

Q. Subsequently it incorporated in the minutes what was decided on there?—A. That is correct, the chairman and other members of the committee signed that particular part.

Q. The other question has to do with chattels which is one question on which you made some statements in earlier meetings before the committee as to the advisability of inventorying the chattels. There is an extract on page 10 of the minutes upon which I should like to invite your comment, Mr. Shears. This is from the minutes of the meeting of March 15:

“Mr. Menzies stated that there was a very good market for second hand furniture at the present time and Mr. MacKenzie asked if there was a complete inventory of all chattels available. Mr. Wright explained that in view of the uncertainty as to whether or not the chattels were to be shipped, the Custodian had not considered it necessary or advisable to make a complete inventory of all farm chattels. Mr. Wright pointed out that in many cases chattels were stored in a particular room by the Japanese himself and they had not been disturbed and the Custodian did not feel he should accept the responsibility of inventorying them since this might prejudice his position in case the chattels were removed either by the tenant or some other persons over whom the Custodian had little control.

Mr. Shears pointed out that considerable inventorying had been done and could be proceeded with if a policy of sale were adopted.

Now, I invite your comment on that statement, Mr. Shears. It has been indicated that there was some inventorying of farm chattels done. It was done, in the first instance, on a voluntary basis, but reading that minute one would almost infer that you had expressed the opinion that an inventory of chattels was practicable. Would you care to make a comment on that?—A. Was practicable?

Q. Yes.—A. I do not know whether I get your point regarding that. Complete inventories were not made in the first instance. One reason was that up until January 1943 there was no suggestion that there should be a liquidation of the chattels and therefore if the Japanese left his articles stored with a particular person an itemized inventory was not taken but what I did suggest I think, in my previous reference, and I wonder if you mind reading it again—

Q. You mean the whole reference?—A. No, just mine.

Q. “Mr. Shears pointed out considerable inventorying had been done and could be proceeded with if a policy of sale were adopted.”—A. Yes.

Q. Now the previous paragraph contains information given by Mr. Wright which seems to suggest that a full inventory of the chattels would not be practicable and the custodian did not accept responsibility for any inventory and you are expressing the opinion that the inventory was practicable and it could be proceeded with if desired?—A. Yes, if liquidation became a policy. I think Mr. Wright was probably emphasizing the fact that in view of the

individuals status quo there was no particular need for an inventory up to that time but once we proceeded with the policy of liquidation we had to know what we were selling and inventories had to be taken.

Mr. CRUICKSHANK: Did that include trucks?

Mr. FLEMING: Are you asking me that?

Mr. CRUICKSHANK: No, I am not.

Mr. FLEMING: There is no reference made to trucks, it speaks of farm chattels.

Mr. CRUICKSHANK: I would like the point cleared up.

The WITNESS: Cars and trucks had previously been taken over by the Royal Canadian Mounted Police and had been disposed of.

Mr. CRUICKSHANK: They were separate?

The WITNESS: They were separate from these chattels we are referring to now. In connection with matter of chattels and the taking of inventories it certainly is true that in many cases the Japanese left many quantities of chattels placed in the care of individuals and there again, up to that stage of proceedings, the custodian had not stepped in to take accurate inventories.

*By Mr. Fleming:*

Q. Mr. Chairman, I think there is this final point to be raised. We have had reference in the early testimony this morning by Mr. Shears to the effect that P.C. 469, dated January 19, 1943, in effect withdrew the freezing of this property for the Soldier Settlement of Canada which had been imposed by P.C. 5523, dated June 29, 1942.—A. Right.

Q. Now here is the custodian's committee meeting of March 15, 1943, two months after order in council number 4679 was made. In effect the freezing is lifted and yet we find this statement appearing in the minutes on page 8:

The position of the Soldier Settlement of Canada was then outlined by Mr. McPherson and he stated that it was his understanding in the meetings held at Ottawa, at which the chairman attended, that it was definitely indicated that as a matter of policy it was the government's desire that the Soldier Settlement of Canada should have the first option to purchase any or all property if they so desired. The chairman stated that this was also his understanding of the situation. Mr. McPherson pointed out, however, that while the Soldier Settlement of Canada had a first option to purchase, it did not necessarily follow that they could purchase at their price, that any sales to the Soldier Settlement of Canada would be for a reasonable price and that the custodian was anxious that the committee should consider and approve of any such sales.

Mr. MacKenzie requested information as to how the Soldier Settlement of Canada had come into the picture at all and Mr. McPherson explained that a special order in council was passed giving them authority to make a survey of the Japanese agricultural lands and that it further provided that they had the right to veto any dealings with such land.

Now why, two months after the repeal of P.C. 5523, is the committee still recorded as talking in terms of an imposition of a veto on lands when the veto has been removed? Why, in particular, do we have a statement that the present policy of the government, as of March, 1943, is that the Soldier Settlement of Canada should have the first option to purchase?—A. I think what Mr. McPherson was doing at that meeting was explaining to the committee just what had happened in the past. From the time of the order in council setting up the Soldier Settlement valuation, the Custodian was entirely removed from the picture. We were not able to lease property, nor rent property under that particular order in council. That had to be done by the Soldier Settlement. I think Mr. McPherson was pointing out to the committee that during the period under which order in council P.C. 5523 was in effect, the Custodian was entirely

withdrawn from the picture. On the introduction of P.C. 469 on January 9, 1943, the Custodian was back in the picture and Mr. McPherson came from Ottawa to say to the committee, "Now, at this time, the government is considering an offer which may be received from the Veterans' Land to purchase this land. It is the policy that this land should be sold."

Q. Perhaps we can shorten it up, Mr. Chairman, this way: Even having regard for P.C. 469 and the repeal of P.C. 5523, it was still government policy that this land should not be offered freely to the public, but that it should be sold to the Soldier Settlement of Canada?—A. I think that is true, but I would also say, so far as the Vancouver office was concerned, it was not government policy at that time that any property should be sold. It was not until July, 1943, that the general policy of liquidation became effective.

Q. We can go at least this far; it was government policy there should not be any sale to the public?—A. That is true.

Q. Of these farm lands?—A. Of these farm lands or any other lands.

The CHAIRMAN: Gentlemen, is it your pleasure that I now excuse Mr. Shears? We propose next Tuesday, with the approval of the steering committee, to have a representative here of the Japanese cooperative committee.

Mr. JAENICKE: Should not Mr. Shears stay here in order to answer any assertions that gentlemen might make?

The CHAIRMAN: I thought perhaps Dr. Coleman or other members of the department could answer those questions.

Dr. COLEMAN: I think Mr. Wright would be competent to do that. He was in the Vancouver office from 1942 to 1945.

The CHAIRMAN: I think Mr. Shears can be excused.

The committee adjourned at 1.10 p.m. to meet again on Tuesday, May 27, 1947.

## APPENDIX A

Order in Council revoking P.C. 5523, dated 29th June, 1942, and P.C. 6885, dated 20th July, 1942—transfer to the Custodian of the property of persons of the Japanese race evacuated from the protected areas of B.C.

P.C. 469

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 19th day of January, 1943.

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL—

Whereas by Order in Council dated 29th June, 1942, (P.C. 5523) amended by Order in Council dated 4th August, 1942, (P.C. 6885) Regulations were made imposing certain duties and responsibilities on the Director of Soldier Settlement of Canada in relation to agricultural lands owned by persons of the Japanese race ordinarily resident in the protected areas of British Columbia;

And whereas the Secretary of State reports that the appraisals of lands contemplated by the said Order in Council as amended have been made and that it is the opinion of the Minister of Mines and Resources, to whom the Director of Soldier Settlement of Canada reports under the said Order in Council as amended, that the said Order in Council as amended, should be revoked;

That by Order in Council, dated 20th July, 1942, (P.C. 6247) it was provided that on and after the 1st August, 1942, all unfinished business of the Committee under the Chairmanship of the Honourable Mr. Justice Sidney A. Smith of Vancouver, appointed by Order in Council of 13th January, 1942, (P.C. 288) in respect of vessels or equipment vested in the Custodian under the



said Order should be transferred to the Custodian, and the Custodian was vested with all vessels and equipment which had not been disposed of under the supervision of the said Committee;

That since the transfer was effected, question has been raised as to the authority of the Custodian to deal with unfinished business of the said Committee in relation to vessels or equipment disposed of prior to the 1st August, 1942, and it is expedient to remove any doubts in this respect;

That by Orders in Council relating to the property of persons of the Japanese race evacuated from the protected areas of British Columbia, the Custodian has been vested with the responsibility of controlling and managing property belonging to persons of the Japanese race who have been evacuated from the protected areas, except deposits of money, shares of stock, debentures, bonds or other securities or other property which the owner on being evacuated from the protected areas was able to take with him; and

That the evacuation of persons of the Japanese race from the protected areas has now been substantially completed and that it is necessary to provide facilities for liquidation of property in appropriate cases.

Therefore, His Excellency the Governor General in Council, on the recommendation of the Secretary of State, concurred in by the Minister of Mines and Resources, the Minister of Pensions and National Health, the Minister of Labour and the Minister of Fisheries, and under the authority of the War Measures Act, Chapter 206 of the Revised Statutes of Canada, 1927, is pleased to order and doth hereby order as follows:

1. Order in Council, dated 29th June, 1942, (P.C. 5523) and amending Order in Council dated 4th August, 1942, (P.C. 6885) are hereby revoked.

2. Paragraphs numbered 3 and 4 in Order in Council dated 20th July, 1942 (P.C. 6247) are hereby rescinded and the following are substituted therefor:

3. The Custodian may, where he considers it advisable so to do, liquidate, sell or otherwise dispose of any such vessel or equipment on such terms and conditions as he deems advisable; and any agreement entered into or document executed by the Custodian on or after August 1, 1942, and prior to the date of this Order, purporting to be an agreement for, or to be, a transfer, conveyance or other disposition of any such vessel or equipment or of any right, title or interest therein is hereby given full legal validity, force and effect as if the Custodian had full power to enter into such agreement or to execute such document, and as if such vessel or equipment or such right, title or interest therein, as the case may be, had been vested in the Custodian, at the time of the entry into such agreement or the execution of such document.

4. Without restricting the generality of the powers hereinbefore conferred, all unfinished business of the said Committee is hereby transferred to the Custodian and shall be deemed to have been so transferred as on and from the 1st August, 1942.

Wherever, under Orders in Council under the War Measures Act, Chapter 206 of the Revised Statutes of Canada, 1927, the Custodian has been vested with the power and responsibility of controlling and managing any property of persons of the Japanese race evacuated from the protected areas, such power and responsibility shall be deemed to include and to have included from the date of the vesting of such property in the Custodian, the power to liquidate, sell, or otherwise dispose of such property; and for the purpose of such liquidation, sale or other disposition the Consolidated Regulations Respecting Trading with the Enemy (1939) shall apply *mutatis mutandis* as if the property belonged to an enemy within the meaning of the said Consolidated Regulations.

Certified to be a true copy.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

SESSION 1947  
HOUSE OF COMMONS

Government  
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 10

TUESDAY, MAY 27, 1947

WITNESSES:

Mrs. Hugh MacMillan, Secretary, and Mr. F. Andrew Brewin, Counsel,  
The Co-operative Committee on Japanese Canadians;

Mr. George Tanaka, Chairman, Japanese Canadian Committee for  
Democracy;

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property,  
and Mr. K. W. Wright, Counsel.





Government  
Publications

## MINUTES OF PROCEEDINGS

TUESDAY, May 27, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor in the chair.

*Members present:* Messrs. Boucher, Burton, Denis, Fleming, Gladstone, Golding, Green, Homuth, Isnor, Jaenicke, Johnston, Marshall, Pinard, Probe, Smith (*Calgary West*), Thatcher, Warren.

*In attendance:* Dr. E. H. Coleman, C.M.G., Deputy Custodian of Enemy Property, and Mr. K. W. Wright, Counsel; Mrs. Hugh MacMillan, Secretary, and Mr. F. Andrew Brewin, Counsel, The Co-operative Committee on Japanese Canadians; Mr. George Tanaka, Chairman, Japanese Canadian Committee for Democracy.

Mr. Fleming moved,—

That an article published in *The Globe and Mail* of Wednesday, May 21, 1947, written by Mr. Warren Baldwin and entitled *Evidence B.C. Japs' Lands Resold at 816 P.C. of Purchase Prices* be printed as an appendix to this day's minutes of proceedings and evidence.

After discussion, and the question having been put on the said motion, it was resolved in the negative.

Mr. Fleming filed a copy of *The Globe and Mail* of May 21, 1947.

Mr. Brewin was called, heard and questioned.

Mrs. MacMillan and Mr. Tanaka were called and questioned.

Mr. Tanaka filed a copy of a questionnaire sent to Japanese evacuees, which is printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Tanaka produced eight files of completed questionnaires which were placed in the custody of the clerk of the Committee for examination by any member.

The witness retired.

At 1.20 o'clock p.m. the Committee adjourned to the call of the chair.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
May 27, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Gentlemen, we have a quorum and we will now proceed to call the meeting to order.

Mr. FLEMING: Mr. Chairman, may I raise this matter. At our last meeting Mr. Murchison appeared and read a statement in which he complained in quite strong terms about an article which appeared in the *Globe and Mail* of Wednesday, May 21, reporting on the proceedings of this committee of the previous day. I do not know how many members of the committee had read that report before Mr. Murchison made his statement on it. For my part I had not read it. I am sorry I had not read it because while I think the committee wants to be abundantly fair to all witnesses and any witness who feels that he has not been fairly treated I am sure will receive a fair hearing by the members of this committee. I have, however, read the article over now and I do not find the ground for complaint to which Mr. Murchison has referred. Mr. Murchison's statement has been included in the record and I am suggesting to the committee that the entire statement that he complained of should be a matter of record. That is to say that I think the article itself should be printed in our proceedings. Now it is an article written by a senior member of the press gallery, a very experienced member, who I am sure enjoys the respect of the members of the House and of this committee. I am sure if more members had read the article before Mr. Murchison made his statement there would have been more comment on the tone and the nature of Mr. Murchison's statement. That is past now, but I do move, Mr. Chairman, that the article in question should be printed in the record of this committee.

Mr. WARREN: Mr. Chairman, may I ask what paper that is taken from?

Mr. FLEMING: It is the article that Mr. Murchison complained of.

Mr. WARREN: Yes, but I was not here and I do not know anything about it.

Mr. FLEMING: It is an article that appeared in the *Globe and Mail* on Wednesday May 21, and it is on page 8. Mr. Murchison made quite a lengthy statement about it and complained about it. For my part I do not know how many members had read that but I had not. I do say this; having read the article since Mr. Murchison made his statement, I cannot find in it the ground or the unfairness that he claimed to find in it. I think that while his statement is on the record the article of which he complains also should be on the record.

The VICE-CHAIRMAN: Are there any other comments?

Mr. HOMUTH: I second the motion.

The VICE-CHAIRMAN: You have heard the motion that the article appearing in the *Globe and Mail* of Wednesday, May 21, 1947, written by Mr. Warren Baldwin entitled "Evidence B.C. lands resold at 815 per cent of purchase price" be printed in the minutes of the proceedings of our committee.

Mr. JAENICKE: Mr. Chairman, I do not see why we should bring all these newspaper articles into our proceedings. Surely they have nothing to do with the matter we are investigating.



Mr. PINARD: I would like to know if the article refers directly to what happened in this committee?

Mr. FLEMING: It does.

The VICE-CHAIRMAN: May I make this observation, gentlemen. I was one of those who had not read this article, prior to Mr. Murchison's laying the newspaper on the table, I glanced at it quickly and suggested to him that I did not see that any good purpose could be served by making an extended statement. More than that, if you will recall, I stood in my place as chairman and referred to the fact that he was making a statement, hoping that one of the members of the committee might object to the statement. There was no objection taken so he made the statement.

Mr. SMITH: I remember that very distinctly.

The VICE-CHAIRMAN: If you had objected I would have given a ruling against a continued lengthy statement being made. I think Mr. Fleming in his statement has brought forth a thought which is in the minds of the majority of the members. Statements written by well-known writers in the press gallery, while perhaps giving information to the public, contain nothing from our standpoint and I should say there is no good purpose served by printing them in our proceedings.

Mr. FLEMING: May I just say a word about Mr. Jaenicke's point. If this matter were being reached now *de nova*, I do not think that anyone would think of bringing into the records a newspaper article. After all what guides this committee is what is brought in evidence before us. However, in view of the fact that Mr. Murchison was allowed to make a very lengthy and a very strong statement with respect to this article my point is that it would not be fair to leave this situation without putting the article on the record. I think anyone who has read the article since will find Mr. Murchison's statement lacking in justification. If it was a case of this statement being submitted over again I think there is much to be said for Mr. Jaenicke's point. If we were back to last Thursday and Mr. Murchison were undertaking to make his statement it would be different. However, Mr. Murchison has made a statement to the committee which does not do justice to the article so I suggest therefore, in fairness that this article ought to go on the record. I do not think the committee wants to take time at every meeting to receive complaints from witnesses about newspaper articles for we would then have to catch up with the newspaper articles ourselves and try to correct any unfair statement made by the witnesses.

Mr. SMITH: May I put it into much broader terms. It seems to me that in this form, in this committee, it is utterly improper for anyone to comment on any printed matter unless we have before us the printed matter on which he is commenting. I think as a lawyer Mr. Jaenicke will agree with that. Frankly I want to see an end of it and I think we might have done very well had we accepted the hint that the chairman handed to us at the last meeting. We did not do that because I for one did not want to do it. I thought that someone would say "Here is that fellow plugging the *Globe and Mail* again". Now, as the comment has been made on something that is not before us, it seems to me that we are in a very foolish position unless we have the article plus the comment.

Mr. JAENICKE: I do not know how the printing of this article will influence us in any manner, one way or another. The way I understand it is Mr. Murchison arose on a question of privilege the same way we rise in the House of Commons. He explained that he had been misinterpreted in this article. Now I know what Mr. Murchison said the day before or at the meeting before,

and I do not see yet anything in the argument made by Mr. Fleming and Mr. Smith that we should clutter up our proceedings with this article. I cannot see it.

The VICE-CHAIRMAN: It was just on a question of privilege with respect to Mr. Murchison, but what is your pleasure now?

Mr. HOMUTH: This public accounts committee has developed into a different sort of committee from anything I know as a public accounts committee. We have witnesses come here to be examined on certain matters of government policy and government administration. Before he is ever examined, an employee of the government is allowed to stand up in this room and give a long dissertation on his administration and naturally he does everything he possibly can to whitewash the government. Mr. Murchison's whole statement the other day was a direct whitewashing of everything with regard to the Japanese part of their policy. He did that, and it gets in the press and into this record and then we have to cross-examine him and the others on it. I think the time has come when witnesses should be brought here and interrogated by the committee on different matters but they should not be allowed to stand up and make statements such as Mr. Murchison made; and, furthermore, this is no place for Mr. Murchison, or any other employee of the government, or anyone else connected with this inquiry, to be allowed to come and rise on questions of privilege and take time trying to begot the committee in regard to articles which appear in the press.

Mr. GLADSTONE: Are you saying that he set out to be untruthful?

Mr. HOMUTH: I say that he set out to whitewash the government.

Mr. WARREN: I do not think that should go on the record.

The VICE-CHAIRMAN: I think I should reply as chairman, Mr. Homuth. Any witness is privileged, I believe, if I read the rules correctly, to make a statement in reference to a matter of privilege. If I had to rule on that and that alone I would have to say to the witness "Yes, you are entitled to make a brief statement", and then I would use my own judgment.

Mr. HOMUTH: Then he would be questioned on the statement?

The VICE-CHAIRMAN: Yes. Now, gentlemen, you have heard the motion, are you ready for the question? You have heard the motion put forward by Mr. Fleming, seconded by Mr. Homuth.

(A standing vote resulted in a tie.)

I am obliged to vote as I expressed myself a few minutes ago that I thought it was unnecessary to print such articles and I therefore declare the motion lost.

Mr. FLEMING: Mr. Chairman, and gentlemen, if you are not going to print it in the proceedings may I ask that it be tabled by us so that it may appear among our records?

The VICE-CHAIRMAN: That is quite all right.

I think that you have made a good statement Mr. Fleming and I think it covers the situation.

At the request of Mr. Fleming and Mr. Burton the matter of representation on behalf of the Japanese-Canadians was placed before us and it was decided to extend an invitation to their committee and I received—

Mr. FLEMING: If you will excuse me that is not quite right; it was not an invitation, that is what we decided.

The VICE-CHAIRMAN: Will you allow me to complete what I was saying?

Mr. FLEMING: I am sorry.

The VICE-CHAIRMAN: As a result of a request contained in a letter from Mrs. Hugh MacMillan signed as secretary of the co-operative committee on

Japanese-Canadians, after consultation with the steering committee I issued instructions that we invite one of them to represent the views of this committee. We have with us to-day three representatives including Mrs. Hugh MacMillan, the secretary, Mr. F. Andrew Brewin, counsel for the committee, and Mr. George Tanaka, chairman of the Japanese-Canadian Committee for Democracy. Who is to be your spokesman?

Mrs. MacMILLAN: Mr. Brewin.

The VICE-CHAIRMAN: Thank you, then I would like to call on Mr. Brewin.

**F. Andrew Brewin, counsel for the Co-operative Committee on Japanese-Canadians, called:**

*By the Vice-Chairman:*

Q. Mr. Brewin, no doubt you know that we have already held nine meetings of this committee since April 28, 1947, and we have had before the committee such witnesses as the Honourable Mr. Gibson, Doctor Coleman, Mr. H. W. Wright, Mr. D. H. W. Henry, Mr. Shears, and Mr. Gordon Murchison. You have read their evidence.

Now, gentlemen, is it your pleasure to hear Mr. Brewin.

Agreed.

The VICE-CHAIRMAN: Mr. Brewin, will you give us your name in full and the name of those for whom you are acting?

The WITNESS: My name in full is F. Andrew Brewin and I am acting as counsel for the co-operative committee on Japanese-Canadians. I think I should open by telling you what that committee is.

Mr. GLADSTONE: Where do you live?

The WITNESS: In Toronto.

The co-operative committee on Japanese-Canadians is a committee that was originally purely a voluntary committee. It was originally formed mostly of church groups, Y.M.C.A.'s and Y.W.C.A.'s., who were looking after the needs of the Japanese-Canadians who re-settled in eastern Canada and other parts of Canada. Then, when the proposal for deportation came up the co-operative committee on Japanese-Canadians received support and help from about 70 per cent of the groups across Canada. A great many of the groups contributed money to fight the battle of the Japanese-Canadian in regard to deportation. I will not attempt to give you all the organizations which have lent their support to the co-operative committee but a partial list includes:—

- The Church of England in Canada
- The Catholic Archdiocese of Toronto
- The Baptist Federation of Canada
- The United Church of Canada
- The Church of Christ (Disciples)
- The Presbyterian Church of Canada
- The Evangelical Lutheran Church
- The Salvation Army
- The Student Christian Movement
- The Intervarsity Christian Fellowship
- The Canadian Council of Churches
- The Society of Friends
- The Young Men's Christian Association
- The Young Women's Christian Association
- The United Nations Organization



The Canadian Welfare Council  
 The Canadian Association of Social Workers  
 The Canadian Association of Scientific Workers  
 The Canadian Jewish Congress  
 The National Council of Women  
 The Fellowship of Reconciliation  
 The Women's International League for Peace and Freedom  
 The Civil Liberties Associations of Vancouver, Winnipeg, Toronto,  
 Ottawa, Montreal.  
 Canadian Congress of Labour  
 Trades and Labour Congress  
 Canadian Institute of International Affairs  
 Workers' Educational Association  
 Canadian Association for Adult Education  
 United Farmers Co-operative  
 Ukrainian Association of Canada  
 Canadian Business and Professional Women  
 National Citizens Forum  
 Religion and Labour Foundation  
 Ontario Older Boys' Parliament  
 Unitarian Fellowship for Social Justice  
 Holy Blossom Temple, Toronto  
 United Steel Workers of America  
 Canadian Seamen's Union  
 United Packing Houses of America  
 Canadian Legion  
 Leading newspapers in Montreal, Toronto, Winnipeg, London, Ottawa,  
 Vancouver, etc.  
 Prominent individuals from all sections of society.

I mention these names merely to show that this committee, the co-operative committee on Japanese-Canadians, is broadly representative of those who have taken an interest in it. The problem of the Japanese-Canadians, from the point of view of the Japanese-Canadians, has been widely discussed and we have contacted a great many people. One of these committees, the Japanese-Canadian Committee for Democracy, in anticipation of a commission, has conducted what it calls an economic loss survey. It sent out forms some of which I have here.

Mr. BOUCHER: When you mentioned those names do you mean you speak for the head bodies of those organizations with respect to the churches and so on, or are they individual units?

The WITNESS: The national bodies sent support and contributed to the committee. People like Canon Judd of the Anglican Church, and Dr. Mutchmore of the United Church and there were a great many more of the local groups. As the committee knows there was very wide interest in this matter when the problem of deportation was before the people of Canada.

Mr. BOUCHER: You are, in effect, saying that you are representing at least the head bodies or the representatives of the churches and institutions you have named. You are not just representing members of those organizations?

The WITNESS: Oh, yes. I say they have taken part in and supported the work of this committee. I cannot say that everything we did has been taken up with them but they have given official support and sent their contributions to the committee. We have no formal membership but those various churches and national groups did take part in that way.

Mrs. MACMILLAN: Yes, and our committee is representative of the larger denominations of the churches "Y's" and labour unions.

The WITNESS: Yes, in other words, gentlemen, I think I can say we do represent pretty fully those who have taken an interest right across Canada.

*By the Vice-Chairman:*

Q. Mr. Brewin, I do not want to interrupt you, and I would favour you completing your statement and then we can clear up the points raised. There is, however, a name on your list, the Baptist Federation of Canada. Do you know the Baptist Federation of Canada?—A. No, I do not, myself.

Q. They do not represent the Baptists of Canada.—A. Mrs. MacMillan could tell me the extent to which they do.

Mr. BURTON: Previous witnesses have appeared before the committee and they were allowed to make their presentation and then the members of the committee were able to ask questions. I think it would be better, much better, to follow that procedure.

The WITNESS: We will be glad to try to clear that up.

Mr. JAENICKE: If this lady has better information as to the constitution, perhaps Mr. Brewin could stand aside.

The VICE-CHAIRMAN: Perhaps Mr. Brewin should make his statement.

The WITNESS: I do say we represent them in the sense that they have supported this organization. The Japanese Canadian committee for democracy which is one of the constituent groups which have worked with our committee conducted this economic loss survey. They sent out forms some of which I can refer to in detail, asking Japanese Canadians who might have had any property losses to fill in these detailed forms. The form has a number of headings which I can show you. At the present time they have received about 600 replies from all across Canada. The committee emphasized in the instructions that went with the reports, that they were anxious that there should be no exaggeration or puffing of these claims, and that they wanted a sober survey of what the situation was. As I say, we have some 600 replies. We cannot, of course, vouch for the accuracy of the statements as we have not had an opportunity of checking them but they are summaries, by and large of what the Japanese Canadian committee for democracy have asked for. I think I should add that after the Prime Minister, on the 24th of January, made his statement that some compensation would be made, and some machinery set up to provide for the loss of property arising out of the evacuation, that we had discussions with the Secretary of State who was good enough to spend some time with us on the matter. We put our representations before him and received every courtesy and co-operation and we are putting before this committee more or less the same information that we put before the Secretary of State. If I may, I will put our submission in first before I go into the evidence that we have. What we are asking this committee to recommend is that when the government sets up a commission, as I believe it proposes to do, that the terms of reference of the commission should be broad enough to cover all the property losses naturally and reasonably arising out of the evacuation. We have not endeavoured to put the losses of the Japanese Canadians on the basis of any impropriety on the part of the custodian or any other official of the government. What we say is by reason of the evacuation orders and of the fact that a great many of the Japanese Canadians were required to leave the coastal area as a matter of public policy, and without any fault of their own, the losses of property which can be weighed and which are fairly definite should be provided for. We are not asking for speculative claims but these definite losses should in fairness and justice be paid; and we would like to point out that that is a very much broader proposition than merely confining the issue to the action of the custodian, because it is our submission that no matter how carefully or how well the

custodian and his representatives act in seeking to protect property or how well they sought to make the result of the sales the inevitable result of the circumstances under which the sales were made and things that happened before the custodian stepped in; the deterioration of property, vandalism and various other things of that sort, makes it quite impossible for the custodian to have prevented losses arising through no fault of those who were required as a matter of government policy and without any disloyalty or fault of their own to leave their homes, their farms and their businesses.

Now, I think we can put the situation, it may seem a little indirect, Mr. Chairman, as briefly and as well as we can by telling the committee that if it does not have this information already of the parallel situation in the United States—because the Prime Minister has said in dealing with this matter that similar conditions arose in the United States and that Canadian policy must in general terms be a continental policy—while there would not be an exact following of the American procedure some similarity of policy was necessary; and that the situation which existed in Canada also existed in the States. I would like, with the permission of the committee, Mr. Chairman, to read a letter which was sent by the Secretary of the Interior, Mr. J. A. Krug, representing the government of the United States, to the Speaker of the House of Representatives and a similar one to the Speaker of the Senate, inviting them to set up by act of their congress a claims commission with authority to investigate in broad general terms all things arising out of the evacuation order.

Mr. FLEMING: Pardon me, what is the date of that letter?

The WITNESS: April 24, 1946.

The VICE-CHAIRMAN: What is your pleasure, gentlemen; shall the witness have permission to read the letter?

Carried.

The WITNESS:

## THE SECRETARY OF THE INTERIOR

WASHINGTON

April 24, 1946.

MY DEAR MR. SPEAKER,—Enclosed is a draft of proposed legislation to authorize the adjudication of claims of persons of Japanese ancestry against the United States for losses arising out of the evacuation or exclusion of such persons by the War Department from the West Coast, Alaska, and Hawaii during World War II.

In 1942, the War Department, acting under executive order No. 9066, ordered the exclusion of all persons of Japanese ancestry from the Pacific coast of the continental United States, Alaska and a portion of Arizona. Most of them were removed to relocation centres administered by the War Relocation Authority. They were joined later by over 1,000 persons evacuated from Hawaii. For approximately two and one-half years, these American citizens and their alien parents, more than 100,000 in number, were exiled from their homes. After January 2, 1945, the majority of them were allowed to return to the evacuated areas and to pick up the unravelled ends of the life they knew before the forced evacuation. By the end of 1945, about half of these people had so returned.

Mr. Chairman, that situation is not parallel here; at first, the Japanese-Canadians did not return.



The remainder have been scattered throughout the country or, in the case of the thousands who are in the armed forces of the United States, are serving with the army of occupation in Europe or Asia. It is too early as yet to make a final estimate of actual financial and property losses sustained by the Japanese-Americans because of the evacuation, but it is well established that the losses have been heavy. Some lost everything they had; many lost most of what they had.

The chief military justification for the removal of these 110,000 persons was the possibility of the existence of a disloyal element in their midst, the critical military situation in the Pacific which increased uneasiness over the possibility of espionage or sabotage, and the lack of time and facilities for individual loyalty screening. The persons evacuated were not individually charged with any crime or with disloyalty, and subsequent experience has clearly demonstrated that the vast majority of them were and are good Americans. This is convincingly indicated by the outstanding record of our 23,000 Japanese-Americans who served in the armed forces in both the European and Pacific theatres, and by the fact that the records of the intelligence agencies show no case of sabotage or espionage by Americans of Japanese ancestry during the entire war.

Again, I might stop there and say that the experience in Canada, I believe, has been exactly the same. Our Japanese-Canadians have shown themselves to be loyal Canadians, and as far as I know there have been no cases of charges of sabotage against them.

Mr. GREEN: Of course, there are some internments.

The WITNESS: Yes, and I suppose the same thing happened in the United States. There was a small group which were affected at the very beginning of the war. I am talking now about the most of those in respect of which there was no internment.

The evacuation orders gave the persons affected desperately little time in which to settle their affairs. The governmental safeguards that were designed to prevent undue loss in these circumstances were somewhat tardily instituted, were not at once effectively publicized among the evacuees, and were never entirely successful.

I wonder if I might stop there to suggest to the committee that where people are scattered it is quite difficult effectively to publicize the steps that the government takes. Some of these people, I suppose, were not literate, could not read English and the net result was that in many cases they were made aware of the evacuation orders a week, or in some cases just a few hours before they were required to be evacuated; and that, despite every effort to acquaint them with the policy.

Merchants had to dispose of their stocks and businesses at sacrifice prices. In a setting of confusion and hysteria, many evacuees sold personal possessions for a small fraction of their value.

That is particularly what happened in the United States, it also happened here. We have quite a large number of cases where people sold out businesses or personal possessions because of that sort of thing and when they received the evacuation order they sold what they had for the best they could get; and it was very natural that they should do that. No fault, I think, attaches to them and certainly not to the government agency because that happened; and yet our submission is that was a loss that naturally arose out of the evacuation orders.

A large number had to accept totally inadequate arrangements for protection and management of property.

The same thing happened here. People had to give up. They had to put someone in charge of their property, anybody they could find.

Mr. SMITH: May I suggest, Mr. Brewin, that when you cease quoting you say "end of quotation"; and then when you resume "quote"? In that way we will know what part of the material is being read and what is your own interpolation.

The WITNESS: Thank you very much, I will do that. I am quoting now:

Valuable leasehold interests had to be abandoned.

Continued exclusion increased the losses. Private buildings in which evacuees stored their property were broken into and vandalized.

This committee, I believe, already has some evidence of that sort, that is the sort of thing which is bound to happen under the circumstances which existed.

Mysterious fires destroyed vacant buildings. Property left with "friends" unaccountably disappeared; goods stored with the government sometimes were damaged or lost. Persons entrusted with the management of evacuee real property mulcted the owners in diverse ways. Tennants failed to pay rent, converted property to their own use, and committed waste.

That may have only happened to a small extent here, but under the circumstances it was inevitable that it should happen to some extent.

Prohibited from returning to the evacuated areas even temporarily to handle property matters, the evacuees were unable to protect themselves adequately. Property management assistance given by the War Relocation Authority on the west coast, although it often mitigated and sometimes prevented loss, could not completely solve the problem there, complicated as it was by difficulties in communication with absent owners and local prejudice.

In our view a precisely similar situation faces the custodian, and certainly through no fault of the agencies concerned.

Mr. FLEMING: Mr. Brewin, have you a copy of that letter?

The WITNESS: I am sorry, I haven't:—

In relocation centres the only income opportunities for evacuees lay in centre employment at wage rates of \$12 to \$19 per month, plus small clothing allowances. Many felt compelled to discontinue payment of life insurance premiums. Some found themselves unable to make mortgage or tax payments and lost substantial equities.

All of the foregoing examples of tangible loss to the evacuees are directly attributable to the evacuation and continued exclusion of these persons from their homes. Unlike our fighting men and their families, who also made financial and personal sacrifices in this war, this group was given no statutory right to ameliorating benefits. These persons have had to bear the losses occasioned by the evacuation in addition to the war-time deprivations they have shared with the rest of the American people. For the first time in our history, persons of Japanese ancestry are appearing in substantial numbers on the relief rolls.

I don't believe that applies here at all.

The least that this country can do, in simple justice, is to afford some degree of compensation for the measurable special losses that the evacuees have suffered.

The only clear recourse which the evacuees now have, through the passage of private relief bills, is totally impracticable. The potential volume of evacuee claims, if added to the load under which the congressional claims committees are already labouring, might well produce a virtually unmanageable burden. The obvious result would be to postpone the settlement of most evacuee claims for an indefinitely protracted period. To provide for adjudication of the claims by the court of claims would be an imposition on that court, because of the small individual amounts involved and the potential volume of claims, and unfair to the claimants, because of the expense of prosecuting a claim before the court of claims and the probable delay in adjudication. The most economical and practical solution—one which congress has adopted on numerous occasions in the past for the handling of case claims arising out of a special subject-matter—is the creation of a special tribunal to hear and determine the claims.

The enclosed bill would establish an evacuation claims commission as such a tribunal. In order to avoid increasing the number of independent agencies and to benefit by the experience which this department has had with the entire evacuation and relocation problem, the bill would establish the commission within this department rather than as a separate federal agency.

The commission would have jurisdiction to adjudicate claims by persons of Japanese ancestry for damage to or loss of real or personal property, or other impairment of assets, that arose from or as a natural and reasonable consequence of the evacuation and exclusion program. This standard is sufficiently flexible to permit the commission to consider claims involving "property" losses only in the broad sense, such as the impairment of going-concern values. At the same time the standard excludes claims that are speculative and less definitely appraisable, such as claims for anticipated wages or profits that might have accrued had not the evacuation occurred, for deterioration of skills and earning capacity, and for physical hardships or mental suffering.

In determining the amount of relief to be granted, the commission would be required to consider other existing or intervening factors that affected the loss. Thus some losses, as in the case of businesses specializing in import of sale of Japanese goods, would have occurred even if there had been no evacuation. Likewise, damage may have been aggravated in some cases by failure of the evacuees to take steps which they reasonably should have taken, even in the abnormal circumstances, to protect themselves. On the other hand, there are numerous instances in which intervening factors immediately causing the loss, such as arson, theft, mortgage foreclosure, loss of goods while in government possession, or breach of trust, should not affect recovery, because the situation giving rise to the loss would not have occurred had the owners been permitted to remain in possession.

Among the types of claims excluded by the bill from consideration by the commission are claims of persons who were voluntarily or involuntarily deported to Japan after December 7, 1941, or who are resident in a foreign country. Several hundred evacuees voluntarily repatriated to Japan during the war. Since termination of hostilities approximately 7,500 persons, most of them evacuees, have at government expense voluntarily gone to Japan, chiefly from internment camps and the Tule Lake segregation centre. In addition, the Department of Justice has been determining who among the aliens (including persons who renounced their American citizenship) should be deported to Japan. This



processing is the culmination of the loyalty screening procedures to which the evacuees have been subjected since the evacuation. I do not believe that those repatriates and deportees have any moral claim upon this government. Similarly, I believe that persons who before the war went to Japan or elsewhere to establish residence have no claim for compensation that we need recognize.

The remaining provisions of the bill are largely self-explanatory and I shall merely mention the more important. All claims would have to be filed within 18 months following enactment, and the commission would be required to complete its work within three and one-half years thereafter. The commission would have broad investigatory authority, including the power of subpoena, and each claimant would be entitled to a hearing. Assistance in preparing claims for filing could be extended by the commission to needy claimants. The commission's adjudications would be conclusive and a bar to further recovery. Awards would be paid in the same manner as are final judgments of the court of claims, except that the commission would be authorized to pay small awards, not exceeding \$2,500 in amount, in order to afford more expeditious relief to those whose need may be acute.

As a matter of fairness and good conscience, and because these particular American citizens and law-abiding aliens have borne with patience and undefeated loyalty the unique burdens which this government has thrown upon them, I strongly urge that the proposed legislation be enacted into law.

The Bureau of the Budget has advised me that there is no objection to the presentation of this proposed legislation to the congress.

Sincerely yours,

J. A. KRUG,  
*Secretary of the Interior.*

HON. SAM RAYBURN,  
Speaker of the House of Representatives.

And now, may I say that in brief what we are asking this committee to recommend is a claims commission similar in general outline with similar general powers to be set up to investigate the situation in Canada which, roughly speaking, is a parallel. I may be allowed to point out now the difference in the United States where the Japanese-Americans were allowed to go back after January 5, 1945. You had a different situation in Canada.

MR. FLEMING: Are you going to tell us anything about the action which has been taken by the two houses of congress pursuant to Mr. Krug's request?

THE WITNESS: Yes. That is a matter on which I am not completely up-to-date. When the matter first came before it, it was reported favourably on by the judiciary committees of both the Senate and the House of Representatives. I believe it was approved by the Senate but it was not approved by the House of Representatives. It came up at the fag-end of the session. I am not sure whether there was any discussion on it in the House of Representatives or not, but in any event I am informed that it did not pass that house and that it could only have passed had unanimous approval been forthcoming and that was not the case, so the bill was put over until the present session of congress. When I had an opportunity of seeing the Secretary of State at the beginning of this year—I think that was in March last—I raised this matter and he suggested that he had some information to the effect that the United States government and congress had not proceeded with the legislation. I wrote down to the

Secretary of the Interior and some others who were familiar with the situation in the congress and I have received replies from them that the government was then going to present the bill in congress again with the full approval of the congress, and I have now received word back, with a copy of a letter from the President himself sending the bill to congress and asking that congress pass it. The only copy I have of that I sent to the Prime Minister in a letter to him and I am sorry that I haven't a copy of it here. I don't know, perhaps somebody else knows, whether these bills finally have gone through yet; but all that I can say is that they were presented to this session of congress with the approval of the government and require the approval of the judiciary committees of both houses, and those who wrote to me said that there would be little doubt that the bills would go through. To the best of my information the bills have not gone through yet, and that is the most up-to-date information that I can give this committee.

Now, I want to deal with the economic-loss survey of our neighbour a moment, to try to show you that the losses were substantial. We have not made a summary of the 600 claims that have come in, because they have been coming in almost from day to day, but a survey was made on the 27th of January—I mean a summary was made on the 27th of January of the 200 claims that had come in up to that date. Now, I want again to say that we cannot, of course, vouch for the accuracy of these claims. Many of those who left their homes may perhaps, for obvious reasons, have put a higher value—naturally the optimism of a business man about a business he can't carry on may be reflected in these figures. Nevertheless, they serve to show the nature of the claims, and we made every effort to ask them to be modest and conservative in their estimates.

Mr. FLEMING: Oh, you asked them to be conservative?

The WITNESS: I mean, with respect to the amount that they claimed.

Mr. PINARD: Can you tell the committee how the forms were obtained?

The WITNESS: They were sent out through the mail to them.

The VICE-CHAIRMAN: You might file one, Mr. Brewin.

The WITNESS: I am sorry, Mr. Chairman, but I haven't one of the forms here. I was going to take some at random just to show you the nature of the claim.

The VICE-CHAIRMAN: Would you file a copy of your questionnaire?

The WITNESS: Mr. Tanaka has a duplicate copy of his own and will be glad to make that available to the committee if it wishes to have it for its records.

The VICE-CHAIRMAN: Yes, you referred to it earlier.

The WITNESS: This is the form to which I referred:—

Form No. 1

## ECONOMIC LOSS SURVEY OF BRITISH COLUMBIA EVACUEES

JAPANESE CANADIAN COMMITTEE FOR DEMOCRACY

84 Gerrard Street East, Toronto 2, Ont.

All information supplied will be treated as confidential and used only for the purposes of presenting claims for restitution.

1. Name ..... Age ..... Citizenship .....
2. Pre-evacuation address .....
3. Present address .....
4. Pre-evacuation occupation .....
5. Present occupation .....

Street address .....	
Legal description (Block No....., Lot No.....).....	
Year of purchase .....	Purchase price of property .....
Estimated value of improvements to property .....	\$.....
Estimated market value of property at time of evacuation .....	\$.....
Assessed value at time of evacuation .....	\$.....
Estimated present day market value of property .....	\$.....
Price sold by custodian .....	\$.....
What payment, if any, have you received from the custodian .....	\$.....
Was this property sold with your consent? Yes .....	No .....
Are you satisfied with custodian's sale price? Yes .....	No .....

Name of firm	Type of business
Street address	
Partnership; limited company; or sole proprietor	
If either of the former, give details	
	\$
	\$
	\$
If owner of premises, state value at time of evacuation	\$
Price of premises sold by custodian	\$
What payment, if any, have you received from the custodian	\$
Estimated value of business at time of evacuation:	
(a) Fixtures and equipment	\$
(b) Inventories of stock	\$
(c) Goodwill	\$
Total	\$

Location .....		
Legal description .....		
Type of farm .....	Acreage .....	
Year of purchase .....	Purchase price of farm property.	\$.....
Estimated value of improvements .....		\$.....
Assessed value at time of evacuation .....		\$.....
Estimated market value of farm at time of evacuation:		
(a) Land and buildings .....		\$.....
(b) Equipment and supplies .....		\$.....
(c) Livestock .....		\$.....
(d) Crops .....		\$.....
		<hr/>
Total .....		\$.....
Price sold by custodian .....		\$.....
What payment, if any, have you received from the custodian? .....		\$.....
Estimated present day market value of property .....		\$.....
Was this property sold with your consent? .....		
Are you satisfied with the custodian's selling price? Yes..... No.....		

Type of boat .....  
 Length ..... Beam .....  
 Engine: Make ..... Horsepower .....





Q. Who are the members?—A. Mr. Tanaka here is chairman. Most of the members are in Toronto although they have started affiliated groups and contacts in camps throughout the whole of Canada; but the actual executive and the important part of the work is done by a committee on behalf of the Japanese and they are largely resident in Toronto and district.

Q. Were these forms sent to those who interned?—A. I do not know that.

Mr. TANAKA: Mostly to people here.

*By Mr. Pinard:*

Q. How many forms did you send out?—A. We sent out altogether 4,000 forms across the country.

Q. How many replies?—A. Six hundred. There are some areas where they have not replied yet but will reply.

Q. When were they sent out?—A. In December of last year right through to the present time. We sent them out first to Ontario and then extended it to other fields as we got committees in local areas to sit.

Q. A moment ago you were talking about 200 claims?—A. I was coming back to that and I want to say that I have a summary of the first 200 that we got in largely, I believe, from Ontario, the Toronto area. At that time it was London to Toronto. And according to the total estimated value of their real estate, business, farms, fishing equipment, and so on, the amount would total \$1,400,000. That is their estimate. It may be a little high; but it is what they think their various farms, properties and so on were worth. Then as to the amount that they received either in the way of forced sale or the custodian's sale price—they included both—what they received was \$351,000; so the total loss would be just over \$1,000,000. Now, that was the summary of the first 200 claims that came in. On investigation, no doubt, many of these claims may appear to include amounts that they cannot possibly establish, but we have a collection of these claims and I thought the committee might be interested to have one or two samples. There was one individual case of a person in Toronto that Mr. Tanaka brought to my attention. He secured the information; I did not. It was the case of Mr. and Mrs. Cato, living in Toronto. In September 1939 they purchased a 1928 model Oldsmobile sedan for \$175. After purchase they overhauled the engine and installed a set of four tires. The owners were notified by the custodian on January 21, 1943, re file letter 12980, that the car had been sold for the amount of \$15 and that administrative expenses totalled \$15. So they received nothing for the car. I am not suggesting it is necessarily a typical of the other cases where the actual result of the sale was negligible. It may have been that by the time the custodian got hold of the car it was only worth \$15 but we do not know about that. We do know that it was a sedan for which they paid \$175 and they installed a new set of tires and the net result was that they got nothing for it.

*By Mr. Pinard:*

Q. When was it purchased?—A. It was purchased in September 1939.

Q. At a price of \$175 at that time?—A. Yes, and they also overhauled the engine and installed a set of four tires. I am not trying to give any of these cases as shocking examples but rather as the sort of thing which has happened and which we submit requires investigation. Many of these claims are quite small. Now just a few minutes before I came into the room we ran through and picked out a few cases more or less at random from these forms and this is the sort of thing which is in them. Here is the case of a man named Robert Hoita, age 55, a Canadian veteran of the 1914-1918 war. He lived in Victoria. He is retired now because of his 1914-1918 war wounds and he was a gardener before. He says he purchased a piece of property on Francis avenue, Victoria, for

\$1,200 and that he added \$500 improvements. Then he estimates the market value at \$2,000. The city of Victoria assessed the property at \$1,700 and Hoita estimates the present market value at approximately \$2,500. The sale price according to his information was \$1,150 and he says it was not sold with his consent and he wants to know—some of them make comments on these forms here—why the custodian sold a residence of a 1914-1918 veterans.

Mr. WARREN: Did you say it was sold with his consent?

The WITNESS: No, it was sold without his consent. Then he says the furniture and fixtures were worth \$500 and were sold for \$160. He signs the form. There again we just picked this out. Some of these forms show substantial losses but on the other hand some of them show practically no loss. Here is one *re* Nahamura, age 45, a Japanese national, living in Vancouver. He is now living in *Gormley*. He was a landscape gardener and he says he purchased property in Vancouver for \$1,100 and he estimates the improvements at \$600 at the time of evacuation, and he said it was worth \$1,600. The assessed value was \$1,600. He estimates the present value at \$2,500 but the price it was sold for by the custodian was \$1,050 and he received \$600. In some cases there were deductions on account of relief payments to the family which would account for the difference, and we would suggest that the commission have power to look into these things. They were proper deductions at the time but I question whether those who had to leave their occupations and accept forced relief should have that money deducted from the sale price of the properties. Then Mr. Nahamura added some information. He says he had a Chevrolet pick-up delivery truck that he estimates was worth \$600 which was sold for \$400. Then he says he had furniture and fixtures, radio, etc. and he estimates their value at \$1,000 and said that the custodian's selling price must have been around \$100 because that was the amount of an unknown credit to his account. He deals with other expenses that he had and he summarizes his list. We have here also the case of Paul Suzuki. He was the sole proprietor of a cleaning and dressmaking business in Vancouver which he valued at \$2,069.45.

The VICE-CHAIRMAN: How was it made up?

The WITNESS: Furniture, fixtures and equipment, \$569.45; good will, \$1,500.

The VICE-CHAIRMAN: Good will.

The WITNESS: It may be high, one does not know. Then he includes a Pontiac coach which he values at \$1,563 and he said he made a forced individual sale at \$505. Then he adds this comment "I am a Canadian by naturalization. The evacuation was based on reasons other than military security. The government of Canada should bear responsibility for the restitution of the above losses".

Perhaps the reason for expressing that view is because he also says "two of my Canadian born sons have served in His Majesty's forces and true loyalty cannot be overlooked in considering the above losses."

Then there are a good many business claims. Here is a man, Mr. Nasu, a Canadian, at Ucllet. He says that he purchased property in 1940 for \$2,000. He estimates that he added \$2,000 in improvements and he estimates the market value at \$2,500. The assessed value was \$1,750 and he estimates the present market value of the property at \$3,750. The price sold by the custodian was \$720.85. Then he also has some details about fishing gear and furniture and fixtures.

Mr. Chairman, I do not know how much detail the committee wants. I could go on picking out cases at random.

Mr. SMITH: You have given us enough.

The WITNESS: The cases would show at least bona fide claims. In many claims, the amounts compare with the assessed value of the property and it is



surely improbable that the assessment was at a great over-valuation and the amounts recovered in many instances were less than the assessed value. Some of these cases were businesses that had to be disposed of in a hurry. Some were very substantial businesses. We have a lot of fishing boat claims and we have done our best to collect this material as thoroughly as possible. There are no doubt some exaggerations and there may be some explanation for these things which is not revealed to us in the forms, but we feel in these 600 cases, quite apart from the individual cases themselves, the overall survey shows that there is something substantial to be investigated. It also shows that many of these losses were sustained from what might be called forced liquidation before the custodian entered the property. In some cases there was disappearance of property. In some cases they said that actually in the more remote parts they had to leave within twenty-four hours of the time they received the notice and that in the excitement of the moment they would dispose of their property in the neighbourhood as quickly as they could. All of these things have satisfied our committee that a broad commission with wide powers of reference, not restricted to the enquiry of cases where the custodian sold at too low a price might be able to make proper assessment of the loss. The property may have actually been sold at the best price possible but, after all, if a large group in the community is required to leave in something of a hurry, values in that neighbourhood are going to go down very substantially apart from anything else at all. We request that this committee recommend to the government, it may be that it is your intention already, that a commission with powers at least as broad as the terms of reference in the bill before the United States Congress should be set up. In years to come there would be no feeling that we, as Canadians, and Canada as a country have not behaved properly to these people who are our fellow-citizens and who themselves, with the exception of a few at the beginning, have a clear record. We are very much convinced that is what the people in Canada would like to see done. The thing we are anxious about is that the terms of reference are not confined to a narrow scope so that a judge or commissioner sitting to determine the matters will not feel inhibited by the terms of reference when inquiring into the other aspects of the matter.

*By Mr. Green:*

Q. Have you worked out any terms of reference?—A. Yes, we have a suggestion to make to the government which follows very closely the American bill.

Q. Could you give the wording of your suggested reference?—A. We have suggested:—

1. There shall be constituted a commission under the general supervision of the secretary of state to be known as the "Evacuation Claims Commission". The commission shall consist of a chairman, who shall be a person who holds or has held high judicial office, two other members to be appointed by the secretary of state (or the Governor in Council).

Actually that is a matter for the government to concern themselves with as to which department or who shall appoint the members of the commission.

2. The commission shall have jurisdiction to investigate and decide upon any claim by a person of the Japanese race, arising on or after December 7, 1941, when and to the extent that such claim has not been compensated for by insurance or otherwise, and is substantiated in such manner as the commission may prescribe for damage to or loss or destruction to the real or personal property including without limitation damage to or loss or destruction of personal property vested in the custodian, or other impairment of assets that fairly arise out of or is a reasonable or

natural consequence of the evacuation of such person from the protected area in British Columbia by reason of the order of the minister of Justice under regulation 4 in the Defence of Canada Regulations or under P.C. 1665 of March 4, 1942, or any other law or order requiring the evacuation of the said area by persons of the Japanese race.

As used herein "evacuation" shall include voluntary departure from the protected area prior to but in anticipation of the making of any order under the regulations or orders in council above referred to.

The commission shall have power to consider in determining the amount of relief that would be fair and equitable according to the facts as they appear in each case, the existence or intervention of other causes effecting the damage or loss including action or non-action by the claimant or his representatives, and the action of the custodian of alien enemy property or his agents, and any monies paid over or held by the said custodian and deductions therefrom by way of commission or expenses or otherwise.

3. (a) The commission shall receive claims for a period of twelve months from the date of this order. All claims not presented within that time shall be forever barred.

(b) The commission shall not consider any claim

(1) For damage or loss arising out of the internment under the Defence of Canada Regulations of any person.

(2) For damage or loss on account of death or personal injury, personal inconvenience, physical hardship or mental suffering.

(3) For damage or loss to any property vested in the custodian by virtue of the trading with the enemy regulations.

4. The commission shall give reasonable notice to the interested parties, of an opportunity for them to be heard and present evidence before making the final determination of any claim, and shall be entitled to take evidence by way of affidavit or otherwise in its discretion.

It shall have for the purpose of any hearing or investigation authorized by this order, all the powers conferred under the Public Inquiries Act.

5. The commission shall dispose of all claims filed with it upon written findings of fact and reasons for the decision, and a copy of such claim shall be mailed to the claimant or his solicitor and shall be filed with the Secretary of State.

The amount of such claim, together with an allowance not to exceed 10 per cent of such claim for costs to solicitor or counsel representing the claimant, together with all expenses or costs incurred by the commission in connection with this order, shall be paid out of moneys, etc.

6. For the purpose of this order the commission may appoint the clerk and such solicitors, examiners, interpreters, appraisers and other employees as may be necessary to conduct the business of the commission and may call upon all departments and agencies of the government of Canada to assist the commission in the carrying out of the duties imposed by this order.

*By Mr. Green:*

Q. Do you include in that those Japanese who were evacuated from the coast, repatriated to Japan, about 4,000 of them?—A. I do not know that we either include or exclude them, expressly. I do not think there is any language that covers them.

Q. Your reference covers them all?—A. I suppose it does; any claim by any person of the Japanese race. There would be, I imagine, a considerable

difficulty over people repatriated to Japan, over their being able to present their claims. This is just the rough draft. No doubt the government have adequate draftsmen. This is an outline of what we thought from our point of view would be a medium which would establish fairness and justice to the Japanese-Canadians.

*By Mr. Pinard:*

Q. Do you think this should be included? Do you think they should be included?—A. There were several classes repatriated, some who were repatriated because they were disloyal to Canada—

Mr. GREEN: They were all repatriated.

The WITNESS: Some were repatriated because they were members of a family of old people and they had to go, but out of respect for their parents, or something like that. If they come back, if they are allowed to come back—it is a matter of government policy. When they are here, and they are Canadian citizens, we do not see any reason why they should not make a claim like anybody else. It all depends on the particular reasons for which they went. The government will decide its own policy with regard to it.

*By Mr. Green:*

Q. No, no; but everyone over sixteen years of age who requested repatriation was sent not because they were disloyal or for any reason of that kind, but because they asked to be sent over. I would like to know whether your committee believe that they should all be subject to the same rights of compensation as the Japanese who remained in Canada?—A. I do not think anyone who was deported for disloyalty should be.

Q. They were all deported at their own request.—A. I think it is a matter which should be considered on the basis of individual circumstances. If, as I say—and I am only extemporizing this, I have not obtained the view of the members of our committee—but as I say it is my information that quite a few of those who went away were the sons of aged parents and they all asked to go to Japan because it was a filial duty, because there would be no one to look after their parents over in Japan. They went voluntarily, they signed these forms and went. Many of them are still Canadian citizens. Certainly, I would not be one to say that they had not the right. However, perhaps that is a matter of detail. I don't suppose that this commission would purport to go over to Japan and hear claims from people living there. Our primary concern is with those who remained in Canada as Canadian citizens and who, we think, should have fair treatment such as we would like to accord to any other Canadian citizen.

*By Mr. Fleming:*

Q. I see here you have a one-year period of limitation within which claims can be filed.—A. Yes, we suggested that because we thought there should be some period of limitation, but we also urged that that limitation of one year operate only from the time when the commission is set up.

Q. That is one thing on which we wanted to be clear, the one-year limitation you proposed would operate from the date of the establishment of the commission?—A. That is right; I mean, there has to be some period. The commission can't go on for ever and ever. And we think that any Japanese-Canadian would have ample time within the period of one year in which to file at least some sort of a claim and get their names before the commission.

Mr. GREEN: Just one other question.

The VICE-CHAIRMAN: Are you through with your presentation?

The WITNESS: Yes.



*By Mr. Green:*

Q. You spoke of Japanese being evacuated on twenty-four hours' notice. Have you many cases of that kind which have come to your attention? I am very much surprised to hear that.—A. Again, Mr. Tanaka has the details more fully than I do. We had under the Forbes commission some cases, I would not say very extensive, of people on the coast in remote areas who did not receive word; and we may have some cases—there were notices that aliens would require to be evacuated and many Japanese-Canadians who were citizens thought they were not going to be evacuated. Then there were some notices given, I think, by radio. Some heard them and some did not; and some naturally took the attitude that being Canadian citizens it did not apply to them. Then, of course, there were some who could not even read, who did not hear about it until the last moment. I think the actual order for evacuation was made on the 4th of March.

Q. It took some months to carry out the evacuations. I know that it was done in certain areas at certain times. I would be very much surprised if there were many cases where there was not longer notice than twenty-four hours.—A. I do not suppose that there were many like that, but we have had other cases where there was a week's notice and cases where there was a notice of two weeks. You see, the process took place over a period of time. Yes, I see that I was right, the general order applying to all of Japanese ancestry was dated the 4th of March and I believe it would be on the 28th of March that public notice was given that they were required to evacuate—it would have been given a few days before that possibly, that Japanese nationals were required to remove from the lower mainland, were required to report on the 27th of March; naturalized were required to report on the 30th of March, and Canadian-born were required to report on the 31st of March. At that time they were generally given approximately twenty-four or seventy-two hours' notice to be ready for evacuation from restricted areas.

Q. That was to report, that was not to be evacuated?—A. Yes; but in many cases they had to come from some distances with all their things and I do not think they got back again to their homes.

Q. Oh, yes.—A. Mr. Tanaka, who was there, said there were some who did not have an opportunity to get back.

Mr. TANAKA: In some cases they only had a half-hour's notice.

Mr. FLEMING: Would you mind speaking a little louder, please.

The WITNESS: In some cases, he said, they only got a half-hour's notice. Of course, it would be a difficult thing to serve notices on a lot of these people.

Mr. PINARD: Don't you think they were expecting it?

The WITNESS: No, many of them did not.

Mr. LAPOINTE: They knew we were at war. Didn't they know about Pearl Harbour?

The WITNESS: They knew about Pearl Harbor. The first announcement of government policy was that Japanese aliens would be required to move from security areas. I submit that an announcement of policy like that would make some of them feel that they could continue to stay there because they were Canadian citizens. Perhaps some of them did not understand the implications of war. After all, lots of simple people do not understand what is going to happen when war circumstances arise.

*By Mr. Green:*

Q. The fishing boats were called in.—A. They were called in in January.

Q. They were called in in December. I heard the radio announcement myself, the 7th or 8th of December.—A. The order was made on the 15th of

January. They were immobilized I understand at the outbreak of war, immediately after Pearl Harbor, but I think the actual taking over was done in January. But even allowing the widest latitude there are bound to be quite a few who did not get satisfactory notice, who do not listen to radios. There are even people who do not read the newspapers; and until they got a positive notice that they themselves were required to go they may have been hoping and expecting that it did not apply to them. In any event there are bound to be under those circumstances, it seems to me, hysteria, confusion and excitement; they perhaps did what they would not otherwise have done. I think there is plenty of evidence of that.

*By the Vice-Chairman:*

Q. Mr. Brewin, would you tell us whether or not the United States took action along similar lines regarding sending out notices?—A. I am afraid that I haven't got that information.

Q. Do you know if they took any action?—A. I cannot say that. We had all this extra machinery and the sending out of the notices was tardy. What was done in their case, I do not know.

Q. Do you know whether they appointed a custodian along the same lines?—A. Very similar. Apparently they appointed a War Relocation Authority given roughly the same authority as our custodian.

Q. When?—A. I could not give you the date. You will know the custodian was appointed in Canada and given responsibility at an early date, I take it that the custodian—I suppose he has already given evidence—I take it that it was some time before he could take over the physical protection of the assets committed to his care; and it was during that period Mr. Tanaka told me that for a time he left, at the time he was evacuated, there were many properties which the custodian or his representative had not yet had time to do anything with. That had nothing to do with the actual date of the evacuation. The custodian may have moved as quickly as he could to deal with the properties which came under his protection, but the mere passing of the order does not protect the property; and some of these people, at any rate, were moved out before the custodian moved in. I believe you have taken evidence from his representatives as to that.

The VICE-CHAIRMAN: They were moved out before he had a chance to take over.

The WITNESS: They moved out at the order of the government; naturally they had to move out because of the government order.

The VICE-CHAIRMAN: And they left their property in the charge of friends.

The WITNESS: Yes.

*By Mr. Smith:*

Q. May I ask one question: having regard to the 200 claims to which you have referred, I understand they run to a total of around \$700,000 to \$800,000?—A. Around \$1,000,000.

Q. Don't you think that might be an average?—A. I think it might be a little higher than the average; for this reason, that people submitting claims might have put a little higher value on them than was really justified, notwithstanding the fact that we asked them to keep the claims, as I said, conservative; and, too, many included items which properly should not be there.

Q. If you compare the 200 with the 4,000 it just takes a little simple arithmetic to arrive at the answer; it is going to take something like \$20,000,000 to \$30,000,000 to settle these claims.—A. No, with great respect; that, in my view, is very unlikely. Out of the 4,000 that we sent out we have, so far,

received only about 600 replies. We sent the forms out to everybody of whom we had knowledge because we wanted to make it as fair and complete as possible. Quite a few of those to whom we sent these forms have claims and there are quite a number of others who have not. As a matter of fact, we would be very much surprised if there were more than a thousand claims in all, from the information we have. That would mean, on the basis of the 200 claims of which we have made a summary, that out of the total of 1,000 claims which we expect you would have, on the basis of a rough average, a total amount of \$5,000,000; and, as I said before, no doubt some of these claims would in the final analysis not amount to any substantial figure. In my estimation, that would be a rather high figure to put on it. We are not for a moment thinking in terms of \$20,000,000 or \$30,000,000.

Q. Then you do not think the 200 claims which you have summarized would be a fair average for the 4,000?—A. Certainly not. Of the 4,000 we sent out we have received so far only about 600. Then, as I say, we do not expect altogether that there will be more than about a thousand to file claims. We do not expect everyone to whom we sent the 4,000 questionnaires will have a claim to file, by any means. As a matter of fact, if one thousand out of the 4,000 makes a claim we think that would be a very high average.

Q. On what do you base that statement?—A. On our experience to date. For instance, 200 claims came in out of 650, that was in an area in the Toronto district where the better-to-do tended to settle. Included in those to whom the questionnaires were sent were a lot of younger people who would have no property, so I think that would be a high average. We anticipate that there will be about 1,000 claims, although there may be more.

Q. I want to ask you about one other matter, and that is all. These claims are being instituted against the dominion government. Let us take a family which I know very well who were evacuated from a point in British Columbia and settled in Alberta. They are at the present time to my own personal knowledge definitely better off farming than they would have been had they stayed on their own small piece of land in British Columbia. Do you not think that in a case of that kind that is something which should be taken into account; in other words, they benefited by the evacuation; should not that be taken into account?—A. We have suggested that the commission be given the power to take into account the widest variety of things under all circumstances with respect to those who were evacuated; in other words, to define what is fair and reasonable in regard to each. When you are talking about property claims; if I have a loss on a car and have got perhaps only a fraction of its value, the mere fact that years later I may have got some benefit from the change does not make me feel that I should not get the value of the car.

Q. You are a lawyer, and so am I; if I do something to you which in effect increases your assets, that is taking into account in all circumstances, isn't it?—A. I quite agree, that anything tangible that increases assets should be considered and we have projected that in our draft; but I do not agree that intangible things such as the fact that you may be doing a little bit better now than you were before should be taken into account. On the same parity of reasoning we would be able to present large claims for those who left prosperous businesses and skilled occupations but who are perhaps working on sugar farms in Alberta as common labourers. We are not asking to include those claims because we regard them as ineligible in that they are not tangible enough to make a basis for a reasonable claim. Now, by parity reasoning we do not take the whole thing intangibly. They did have the evacuation policy and there were many forced sales and so on, and that is the reason we have suggested the broad terms of reference so that the cases could be studied. We certainly do not think that a lot of intangible benefits should be included.



Q. All right, but you have in one of your claims so much for the good-will of the business. Obviously that claim is based on the worth of the business at that time including an intangible thing called good-will. Surely that ends there. Now assuming that person, and I am not disputing this for a moment so please do not misunderstand me, but supposing that person was compelled to move from the coastal area with his family. He would have been undoubtedly better off if he had not done that. Do you not think there should be some consideration, or let us use whatever other word you like, given to him?—A. I think the commission should hear evidence all about that and try to decide what is fair.

Q. That is all I wanted to know?—A. Yes, there are many things on both sides that have to be taken into accounts.

The VICE-CHAIRMAN: I want to ask Mr. Brewin if he will be good enough, as have been previous witnesses, to table one complete folder?

The WITNESS: Yes, but I wonder if I might have it back. These are the only copies we have got and if we can get them back from the committee it would be fine.

Mr. MARSHALL: How many cases are there in the one folder?

The VICE-CHAIRMAN: There are twenty-four, they cover numbers 136 to 160.

The WITNESS: There may be a few fishing claims and something of that sort.

Mr. MARSHALL: I think we should have samples of the various things, the small farms, and the fishing, and so on.

The WITNESS: We would be glad to leave all these claims with your committee if we can have the assurance that when the commission is appointed we can have them back. They are, as it were, the brief on which we are going to be replying. They are the instructions from our clients.

The VICE-CHAIRMAN: They will be in the custody of the clerk.

*By Mr. Fleming:*

Q. I would like to ask Mr. Brewin to clear up one point. Are there any claims being made for business losses? I gather from your remarks to Mr. Smith that there are no claims for business losses, but they might be related to good-will. Now we had evidence from the custodian and from the custodian's representatives that they did not have the opportunity to buy and sell businesses as going concerns but what they sold was the assets of the business, the furniture and the fixtures and so on. Have you any comment to make on that?—A. If you are asking my personal opinion I think the good-will of the business enters into all valuations. If somebody requires me to leave suddenly and my business collapses there are principles of law by which the good-will can be estimated and I do not know of any reason why that should not be considered.

Q. Is the scope of the commission you are asking broad enough to cover that?—A. It includes the impairment of assets and loss of property and I think it would be broad enough to cover that.

Mr. GREEN: Do you think there should be a set-off or claims for moneys that were advanced to an individual?

The WITNESS: That is one thing we want the commission to investigate, yes. There are some claims. Take a man who was steadily employed and was required to be evacuated. He became virtually unemployed and his family was put more or less on relief. We do not think in those circumstances that the relief should be charged against him. We want the commission to have power to investigate things like that and determine whether they think it is fair and whether such moneys should be allowed as a set-off or not. Certainly I would think it unfair if you had taken a person's job away from him, through no fault of his own, and then charge him with the expense of keeping him and

at the same time take it out of his property which is sold. After all, even when people are sent to jail for some crime they are not charged with their board; true, they have substantial losses, but I do not think it is a sound principle that losses which come to them through no action of their own at all; that any tangible benefit should be deducted. All we ask is that the commission should be given broad enough scope to consider and determine what are proper deductions and proper expenses to be taken off.

The CHAIRMAN: Thank you.

Mr. PINARD: May I ask just one question; are we going to come back this afternoon?

The CHAIRMAN: I was just going to ask if it was the wish of the committee that we sit again this afternoon.

Mr. FLEMING: I imagine the witness is about through.

Mr. MARSHALL: I have one or two questions I wanted to ask.

The CHAIRMAN: Yes.

*By Mr. Marshall:*

Q. Of this \$1,000,000 of which you spoke what percentage of that would actually relate to business?—A. Well, I can break it down. There is the loss that they estimate on real estate; that will be roughly \$160,000; the loss that they estimate on business they put at roughly \$600,000.

Q. In the particular case about which you spoke I think \$1,500 represented good-will in the business; that was included in your calculations, I take it?—A. Yes.

Q. Now, is it possible to find out how much of the \$1,000,000 of the estimated loss in these 200 cases would represent good-will?—A. I could not give you that offhand.

Q. Could we get that?—A. The total here for business is \$600,000, for that includes physical assets. How much of that is good-will I cannot tell without going to the forms and picking it out.

The CHAIRMAN: Would it be fair to suggest, Mr. Brewin, that of that amount 75 per cent would represent good-will?

The WITNESS: No.

Mr. JOHNSTON: I do not think we should have any guessing about this thing. I think we should have the actual figures.

The WITNESS: I am sorry we cannot give you the figures. In the case to which reference was made I would not say the figure was typical because in a good many cases good-will was not estimated. They gave the physical assets of the business. In some cases you might say that they were just hoping, if you get what I mean.

The CHAIRMAN: Mr. Brewin, would you tell us if you personally or anyone on your committee, investigated any of the claims submitted?

The WITNESS: I think I can say fairly that we have not investigated the claims. We are in Toronto and most of the property is in British Columbia and we have just presented the claims. We have done everything we could to keep the claims modest and reasonable, and we think on the whole we have been successful; and that is shown to be the case because in some of these claims the actual value claimed is the assessed value; which is a fairly good indication that in at least a good many cases they were very reasonable. We have not had the machinery to investigate the claims and that is why we want the commission.

Mr. BURTON: That is why you want the commission?

The WITNESS: Precisely.

*By the Vice-Chairman:*

Q. What was the date of the president's letter to the Prime Minister of which you say you have not got a copy?—A. I am sorry, I do not know.

Q. Well we can get a copy from the Prime Minister.—A. It was just a letter saying that the Japanese-Canadians had been loyal citizens and hoping that congress would pass this bill.

*By Mr. Pinard:*

Q. As far as the sale of businesses is concerned, do you think we should take this fact into consideration? If the Japanese had not been evacuated do you think they would have been able to keep their businesses as before? Due to the fact war had been declared do you think this angle should not be taken into consideration?—A. No, I do not think they should have to suffer special loss on account of the war. Many of these people about whom we are speaking are Canadian citizens, or loyal aliens, and it is perfectly true that the war situation might have reduced their property valuations or it might have increased them.

Q. I am not talking about property valuations, I am talking about the businesses.—A. As I stated, Mr. Krug in his letter, pointed out that a business that was say exporting to Japan or importing from Japan, would suffer a loss which would not arise out of the evacuation. That loss would have occurred at any rate. With regard to that sort of loss we would not press any claim because under the formula we have suggested it would not arise out of the evacuation orders. Generally speaking, however, war conditions improved values rather than reduced them.

Q. You say you sent 4,000 forms out and you got 650 answers. Do you think a portion of those who did not answer were satisfied with the situation as it was?—A. I do not think so. I think probably in some cases the claims were very small. Some of these claims we might not be able to appraise because they might depend on the loss of earnings or something like that, and because there is no perfect world from which they could recover their losses, they did not bother to send them in. I mean that people, after all, would not be bothered filling in the form and sending it in unless they were entirely dissatisfied. These reports, however, are pretty well all cases of people who feel, rightly or wrongly, that they have grievances.

Q. Yes, but there were some 4,000 who did not have any complaint?—A. A lot of the claims are confined to assessment of property losses and the younger people would not have any claims.

*By the Vice-Chairman:*

Q. You have expressed your opinion quite freely Mr. Brewin, would you say that the average business as carried on by the Japanese population would more or less have dried up because of the war?

Mr. FLEMING: You mean apart from the fact that the evacuation took place?

*By the Vice-Chairman:*

Q. If there had been no evacuation?—A. Well I do not think I am qualified to answer that question. In some cases it might have gone on, but it would depend on those special conditions that did arise, and whether it was felt that there might have been some danger in having Japanese-Canadians there. It is perfectly possible that there would have been some losses on that basis.

Q. Are there any further questions of the witness?—A. I am sorry I must explain to the committee that I have a business appointment in Windsor but the committee could hear Mr. Tanaka, who has had personal experience in all these matters.



Mr. PINARD: Are we not through with the witnesses?

The VICE-CHAIRMAN: I had hoped we might be.

Mr. FLEMING: Is there anything that Mr. Tanaka or Mrs. MacMillan want to submit to supplement the statement made by Mr. Brewin? Is there any further information that they feel is necessary or have we received it from Mr. Brewin?

Mr. TANAKA: No, there were certain instances when, if I had been asked, I could possibly have helped in the answering.

The VICE-CHAIRMAN: But you are satisfied?

Mr. TANAKA: Yes, I think it has been very well presented.

Mrs. MACMILLAN: With the exception of that question you asked regarding the Baptist federation. Perhaps you are aware that two years ago the Baptist Federation of Canada was formed to unite the western and central and maritime Baptists.

Mr. GREEN: I move, Mr. Chairman, that you and Mrs. MacMillan fight that matter out.

Mr. FLEMING: I suggest that we adjourn now at the call of the chair which will be the subject of suggestion by the steering committee.

The VICE-CHAIRMAN: Agreed.

The meeting adjourned at 1.20 p.m. to meet again at the call of the chair.







SESSION 1947  
HOUSE OF COMMONS

Government  
Publications

STANDING COMMITTEE

ON

PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 11

FRIDAY, MAY 30 1947

WITNESSES:

Hon. C. W. G. Gibson, Secretary of State and Custodian of Enemy Property;

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property,  
and Mr. K. W. Wright, Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947



## MINUTES OF PROCEEDINGS

FRIDAY, May 30, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Vice-Chairman, Mr. Gordon B. Isnor, presiding.

*Members present:* Messrs. Boucher, Burton, Case, Cote (*Verdun*), Cloutier, Dechene, Diefenbaker, Fleming, Gibson (*Comox-Alberni*), Gladstone, Golding, Homuth, Isnor, Jaenicke, Kirk, Picard, Pinard, Probe, Raymond (*Wright*), Rinfret, Smith (*Calgary West*), Stewart (*Winnipeg North*), Warren, Winkler.

*In attendance:* Hon. C. W. G. Gibson, Secretary of State and Custodian of Enemy Property, Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, and Mr. K. W. Wright, Counsel.

The Committee proceeded to an investigation of the administration of the property of illegal organizations.

Dr. Coleman was recalled.

The Vice-Chairman reported that an interim report respecting the administration of the Vancouver office of the Custodian was being drafted by the Steering Committee for submission to the Committee.

On motion of Mr. Homuth:

*Resolved*,—That the Steering Committee include in the proposed draft interim report a recommendation that the matter of losses sustained by Japanese evacuees as a result of the administration of their property by the Custodian be referred to a Royal Commission.

The Chairman, Mr. L. P. Picard, took the chair.

Mr. Smith explained that in the past he had acted on behalf of various interested parties and, by leave of the Committee, withdrew until the investigation into the administration of the property of illegal organizations is completed.

Dr. Coleman was heard and questioned.

Mr. Wright was called and questioned.

Mr. Wright filed a copy of his report to the Custodian respecting the property of The Workers' and Farmers' Publishing Association Limited, dated February 1, 1946.

At 1.05 o'clock p.m. the Committee adjourned until Tuesday, June 3, at 11.30 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,  
MAY 31, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Vice-Chairman, Mr. Gordon B. Isnor, presided.

The VICE-CHAIRMAN: Gentlemen, would you come to order.

You will recall that when the report of the steering committee was presented on May 8, it was suggested after having examined the officer in charge of the Vancouver office, Mr. Shears along with Doctor Coleman and others, that we should review the administration of property of illegal organizations.

Having completed the first item we now proceed to follow the recommendation of the steering committee by calling on Doctor Coleman. Before he begins, however, I wish to advise the committee that I got in touch with the secretary of state, Colonel Gibson, requesting that he be present today. He has advised me, in a letter just received, that he will be unable to be present at the early part of the meeting but he will be here later.

Mr. DIEFENBAKER: Mr. Chairman, before you pass on to the next phase there are a couple of matters which I wish to bring to your attention. The first phase, that is the phase dealing with the disposal of property of the Japanese, is not finally concluded because of the fact Mr. Murchison was to produce figures on the resale of the land or the properties of Canadians of Japanese origin. When that return is brought down by him and those questions answered I suggest that we should still have available to us the right to recall Mr. Murchison for the purpose of cross-examining him on that statement. Otherwise we would just have an ex-parte statement with respect to the matters which require clarification. They would be otherwise left unclarified.

Then there is another matter on which I would like to ask you a question. You recall that on the 14th of May the Right Hon. Mr. Mackenzie, the minister, stated in the House, that he was going to appear before the committee. "I intend, sir, to ask the standing committee on Public Accounts which is now investigating questions having to do with the administration of the custodian of alien enemy property, to subpoena George C. McCullagh, the editor of the *Toronto Globe and Mail*, to substantiate if he can," the facts set out in a certain editorial. I should like to ask, sir, whether or not the minister has asked you or the members of the steering committee for the opportunity of appearing before this committee and whether it is intended that he appear before the committee having regard to the statement. I would also like to ask whether, before this matter is terminated, it is intended to call Mr. McCullagh as the minister has stated.

Mr. GOLDING: The statement made in that editorial was retracted the next day.

Mr. DIEFENBAKER: I am not going to enter into that argument at all because, as I see it, the retraction was of no importance. There was a surplusage of words and I think three or four unnecessary words were withdrawn. The general purport of that editorial as I remember it, and I have not got it before, me was in effect not changed but, I am not entering into that argument.

I only mention it because my friend Mr. Golding brought it up. The questions I ask are: Is Mr. Murchison to be called after the figures on the sales of the properties by the Veterans' Land Act Department have been given? Has Mr. Mackenzie carried out his affirmed intention as expressed in the House?

Mr. FLEMING: Or threat?

Mr. DIEFENBAKER: I would not call it a threat, it was a statement of intention. I ask if he has expressed his desire or his intention to the steering committee or to you, sir, to have Mr. McCullagh brought before the committee?

The VICE-CHAIRMAN: In view of the fact that Mr. Diefenbaker has directed his remarks I think particularly to the chair, may I say in reply that it is my intention of course, to follow out the minutes and see that the report so prepared by Mr. Murchison is tabled for the benefit and information of the members of the committee. If, arising out of that report, the steering committee deems it necessary, or the members of this committee deem it necessary to recall Mr. Murchison it is quite within the authority of the committee. Dealing with the second question, as to the statement made by the Right Hon. Ian Mackenzie on the floor of the House, in respect to his remarks concerning an article contained in the *Globe and Mail* and his reference to Mr. McCullagh, we have taken no action to have Mr. McCullagh called before this committee. May I just express personally the thought, as I have done on previous occasions, that I can see no good purpose being brought about by the calling of Mr. Mackenzie or any other member before the committee to make statements of that kind when we have more important work to do.

Now, gentlemen, are you ready to proceed?

Mr. FLEMING: Just one point arising out of what Mr. Diefenbaker said that I think does require some clarification. I think that you used the expression this morning that we had concluded, or words to that effect, the first part of the work of the committee in reviewing the administration by the custodian of property of Japanese Canadians. I do not think that was what you intended to say, and it was brought out by Mr. Diefenbaker, because that matter is not concluded at all. The matter was discussed by the steering committee this week and it is clear that we still have some evidence to come in and the question will have to be considered as to whether it is appropriate to have a report at this stage before we go too far with other matters. The committee has a good deal more other work to do and it may be more convenient and practical to carry on with that work.

The VICE-CHAIRMAN: Shall we now hear from Doctor Coleman?  
Agreed.

### Dr. E. H. Coleman, K.C., recalled:

The WITNESS: Mr. Chairman, in the report dated Jan. 15, 1947, there was a section dealing with the property of what were called illegal organizations. I have very little to put before the committee by way of oral testimony supplementary to that report. There is reference to a report of the advisory committee headed by His Honour, Judge McPhee. That reference is at page 67 of the so-called McPhee report which was placed on the table of the House of Commons on April 24, 1944.

The VICE-CHAIRMAN: Doctor Coleman, may I interrupt. The chairman of this committee who has been absent has now returned to Ottawa. Last evening I spoke to him in regard to taking over his duties as chairman and I said



I would be very pleased to have him do so at the next meeting. On thinking over the matter I feel in view of the fact that we are undertaking a new phase of the work this would be a proper time for him to assume his duties as chairman.

He is now present. I telephoned him this morning and advised him of my decision and he is here, I suppose to take over. In view of the change-over I wish to make a brief observation. I wish to thank the members as a whole for the very splendid cooperation which they have given to me as chairman. I particularly wish to thank the members of the steering committee. It has been an interesting and pleasant task to work with them and to work with you all. In fact it has been an education to me with respect to the material, evidence, and statements which have been placed before this committee and I think we have established somewhat of a record in dealing with such an important bill as bill 22, entitled "An Act to Continue the Devised Regulations respecting Trading with the Enemy". I refer to the brief time and to the full discussion which we have had in the committee and the short period which it took to pass it through the House.

I remember Mr. Golding complimenting certain members on the cooperation and help they had given. I would like to add my remarks to those of Mr. Golding with regard to the splendid work and assistance given to me by the legal members of this committee. In dealing with that bill I fully realized, as a layman, that I was unfamiliar with many phases dealing with the legal points. We have already had eleven meetings and we have covered the situation almost to a conclusion I think, insofar as the property of Japanese on the west coast is concerned. We are now entering another important phase of our work with regard to illegal organizations. I had hoped that a report might have been prepared, and I still feel it should be prepared, covering the first phase of this matter which your steering committee has under consideration at the present time. I do wish also to add my thanks to Doctor Coleman, Mr. Shears, and others who gave statements in such a very intelligent and broad manner. Gentlemen, I am now going to take the liberty of asking Mr. Picard to take over.

MR. GOLDING: Mr. Chairman, before you leave the chair I would like to take this opportunity on behalf of all the members of the committee of expressing to you, sir, our appreciation for the manner in which you have conducted the business of this committee as chairman. I am sure you have tried to be fair to everybody in connection with the handling of the business that came before the committee and we appreciate your fairness in dealing with these matters and again I want to compliment many of the members who made what I considered to be splendid contributions to the work of this committee. I speak specifically with regard to our friend Don. Fleming, as far as the bill is concerned, but I can assure you we do appreciate the services which you have rendered to this committee in the absence of the regular chairman.

MR. STEWART: I should like to ally myself with the remarks made by Mr. Golding. This is the third session that I have participated in a committee when you have been in the chair and you have always been very fair and very impartial in your dealings. We know, of course, that Mr. Picard will try to be as fair.

MR. FLEMING: I would like very much to associate myself with the remarks that Mr. Golding has made. This committee has been a very pleasant committee to work in and I think you, Mr. Chairman, have set a tone here that has been appreciated by all members of the committee. I do not think, as far as the bill is concerned, that you need have said anything in a diffident tone about being a layman because you have conducted the business of the committee with what we all recognized as the utmost ability. I would like very much to be associated with the remarks concerning the fairness in which

you have conducted the committee. I think that meant much to the members of the committee who have had to undertake this very difficult task. I think it is worth noting that when you heard at the steering committee meeting on Tuesday afternoon that Mr. Picard was returning, and was going to assume the chairmanship of the committee, it was typical of your conscientiousness to indicate that you felt that in laying down the gavel of the committee you should gather up the threads of the work done by the committee and prepare a report. Then Mr. Picard, in taking over the chairmanship, would not have to assume responsibility for work that has been done to date in reviewing the administration by the custodian in handling the assets of persons of the Japanese race. I think Mr. Isnor, as vice-chairman, intends to continue with that work and again I say that it is a sign or a mark of the readiness with which he has given his service to the committee.

Mr. HOMUTH: Mr. Chairman, personally I would like to see you continue in the chair as far as the Japanese situation is concerned. In view of what Mr. Fleming has said, that you are preparing an interim report, I think this committee ought, while you are still in the chair, to make some recommendations with respect to the setting up a commission, a royal commission or whatever you wish to call it, to deal with those losses. I would therefore like to move that this committee recommend to the steering committee that motion be embodied in your interim report which you will submit as soon as possible to this committee. I will make that motion.

The VICE-CHAIRMAN: Gentlemen, you have heard the motion by Mr. Homuth and if I heard correctly Mr. Probe seconded it.

Mr. PROBE: Yes, I would second that.

The VICE-CHAIRMAN: It is seconded by Mr. Probe. The motion is that this be placed before the steering committee for consideration and if deemed advisable it should be included in the report.

May I say there was no intention of presenting a report without first placing before you a draft of that recommendation.

All in favour of the motion?

Carried.

May I just, before standing aside, thank the members and express my appreciation for their kind words respecting my endeavours to carry out the work.

Mr. Picard, chairman, took the chair.

The CHAIRMAN: Gentlemen, when I was notified that bill 22 was being referred to this committee, of which I had been voted chairman, I had to notify the Whip that I was in the United States undergoing treatments and regaining my health. I asked that a vice-chairman be selected and I said that I hoped to be able to return soon. On my return a few days ago I thought it would be proper for Mr. Isnor to carry on until there was a change of the subject matter before the committee. I have tried to read as much as I could of the evidence that has been given before the committee up to now. I see, by the unanimous approval of his work, that he has done a splendid job and I will have a hard time to keep up his tradition. However, with your cooperation and help I think the committee will be able to carry on its work.

Mr. FLEMING: May I just mention one point before Doctor Coleman goes further. I gather that Doctor Coleman was making a very brief report on the assumption that the contents of this report of January 15th had been read by the members of the committee. Now at an earlier meeting, Mr. Chairman, the question of having further copies of this report, of which I think there were only eight or nine at that time, was discussed. The copies of the report have



not been made generally available and for that reason I suggest that Doctor Coleman make a more extended statement, not assuming that the pages of this report dealing with the administration of property of illegal organizations have been read by the members of the committee. I think he ought to make a fuller statement than apparently he had expected to make.

The CHAIRMAN: I quite agree with that. The secretary of the committee tells me it has not been possible to have copies made for all members.

The WITNESS: I think probably I should say that the section dealing with the substantive part is not very long. Perhaps if I read that it would almost suffice. I had only begun by referring to the so-called McPhee report and I was about to state that by direction of the steering committee I have handed to the secretary of this committee fifty copies of that report in mimeographed form.

Mr. SMITH: Doctor, may I interrupt you for a moment. Mr. Chairman I am going to ask you to excuse me with respect to the discussion of this subject. The reason that I ask to be excused is that I acted on a commission which went through Canada on the matter. I acted in three cities in Alberta, Calgary, Lethbridge and Medicine Hat so I do not think that I should take any part of the proceedings. Will you excuse me?

The CHAIRMAN: Certainly. However, I might tell you Mr. Smith that I had the occasion to be the chairman of a subcommittee on which there was a gentleman who, for reasons like yours said that he wanted to withdraw. It was in connection with the war expenditures committee a year ago and we asked him to stay. He did stay and behaved very nicely and I am sure that the same situation would apply to you.

Mr. SMITH: That was very commendable of him, but if you will excuse me I would appreciate it.

The WITNESS: I will now put in the narrative. Shortly after the order in council was passed in June, 1940, declaring a number of societies and organizations to be illegal, the Custodian was asked if he would undertake the administration. The Department of Justice recommendation was made by the Minister of Justice appreciating that they did not have the machinery or facilities for administering the properties of these organizations scattered throughout Canada. It was not ordinarily within the scope of the custodian's department but at that particular time every agency and part of the government which was requested to undertake any job felt obliged to do so. The first difficulty was to obtain particulars, more especially of the real property owned by the various organizations which had been declared illegal. The officers and the chief officials of these organizations, having regard to the action taken in declaring them illegal, were perhaps not unnaturally apprehensive as to the result. Therefore it was exceedingly difficult to obtain information from any person or persons who would admit knowledge of the business affairs of the organization. What had happened apparently was that the police officers after the order had been passed had taken over the keys from whoever seemed to be the official in charge of a certain building at that time and no further members or officers of the illegal organizations came to the buildings. The task, therefore, of sorting out the information was an exceedingly laborious and extended one. It was not until on in 1940 that any comprehensive picture could be prepared. Mr. V. MacDonald, Dean of Dalhousie Law School who was called into our office, assisted in the tabulation of material as it was received and is preparing a preliminary report for the information of the custodian. As I said, it was not until the early autumn of 1940 that even this preliminary report could be completed. The file contained the name of each property or branch. These files, which I need hardly say are very voluminous, are open for examination by the committee or any representative of



the committee. I cannot bring them because they would fill the wider end of this room; but if any member of the committee wants to look at any particular file or branch we will gladly make it available.

After that preliminary report was made to the custodian we discovered that in relation to properties in some of the larger centres there were outstanding claims under mortgages; by the municipality for taxes and by other creditors. Many of these creditors realizing that the properties were under seizure were pressing for payment of their claims and the custodian had then to consider what course he might follow. In cases where it was possible to secure satisfactory tenants who would pay sufficient rent to cover the annual expenses he did not give any consideration to the question of sale. Unfortunately tenants prepared to pay adequate rent could not be secured at some of the major centres. Properties were located in some cases in districts of the city where there was little demand for that type of equipment. In a few cases there was reason to apprehend interference with the property; and there were accumulating taxes, charges by way of taxation, mortgages, fire insurance and other demands for payment of that description, so many of these were closed up, particularly during the Canadian winter of 1940. That was the great problem as to how they should be properly safeguarded, especially with respect to heating plant, and also with regard to securing fire insurance on unoccupied buildings of this type. During the summer of 1940 in quite a number of communities home guards were organized, and similar bodies of that nature, as members of the committee will recall; and in a number of cases they asked if they could not use these buildings as temporary headquarters. There were a few other small communities where there was no other hall available and Red Cross organizations, Boy Scouts and other patriotic societies applied for permission to enter and use them.

In the fall and winter of 1940 and 1941 the custodian found out that these charges were accumulating at a very rapid rate so he obtained reports from the agents as to the possibility of renting, and he did offer a number of properties for sale having had a report from the agents that they could not secure suitable tenants for them. In all cases I think without exception sales were made after extensive advertising and after making sure that a satisfactory tenant could not be obtained.

And now, in the report to which Mr. Fleming refers there is a list of the organizations declared illegal. I do not know whether I should read it, it is quite lengthy, on page 51 of the report.

P.C. 2363

dated June 4, 1940.

Exhibit "A"

The Auslands Organization of the National Sozialistische Deutsche Arbeiterpartei

The Deutsche Arbeitsfront

The Canadian Society for German Culture (Deutscher Bund fur Kanada)

The National Unity Party

Canadian Union of Fascists

The Communist Party of Canada

The Young Communist League of Canada

The Canadian Labour Defence League

The League for Peace and Democracy

The Ukrainian Labour Farmer-Temple Association

The Finnish Organization of Canada

The Russian Workers and Farmers Club

The Croatian Cultural Association

The Hungarian Workers Club  
 The Polish People's Association  
 The Canadian Ukrainian Youth Federation

P.C. 2527

dated June 12, 1940.

Exhibit "B"

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Italian Fascio Abroad (Fasci Italiani All'Estero)

O.V.R.A. Opere Volontarie Repressione, Anti-Fascisto (National Organization for the Repression of Anti-Fascism)

Dopolavoro (After Work Organization)

Associazione Combattenti Italiana (Italian War Veterans' Association)

O.G.I.E. Organizzazioni Giovanili Degli Italiani All'Estero (Italian Youth Organization Abroad)

The Italian United Moral Front (A combination of Italian and Italo-Canadian Societies in Montreal under control of the Canadian Fascio)

P.C. 2682

dated June 20, 1940,

Exhibit "C"

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Technocracy Inc.

P.C. 2943

dated July 4, 1940.

Exhibit "D"

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Jehovah's Witnesses

It was known that some of the organizations operated in restricted areas in one or two of the provinces and others were national in scope, it was also known that many of them were incorporated and it would be difficult to secure accurate information as to their holdings. An obvious prerequisite to administration was the ascertainment of the property holdings of these organizations and their financial situation generally.

The first step towards assuming effectual and actual control of these organizations was the appointment of eight trust companies and accounting firms to represent the custodian in the various provinces (one of them was appointed for two provinces i.e. Nova Scotia and Prince Edward Island).

Each of these firms was appointed controller and inspector (under regulations 17 and 7-8 of the Regulations *re* Trading with the Enemy) of the business of each or the organizations for its particular province.

Each controller and inspector was instructed to assume possession of all known property, to arrange for insurance coverage or physical protection of property where necessary, to investigate the property holdings and business affairs of the organizations.

At the same time arrangements were made with the Canadian Bankers' Association and the Post Office Department, whereby all relevant information in the possession of banks, and all mail directed to these organizations would be sent to the appropriate controller directly. A similar arrangement was made with the Commissioner of the Royal Canadian Mounted Police to investigate the affairs and holdings of these organizations in all localities in Canada, and to submit reports not only to this office, but to the controllers in the provinces in which they operated.

These arrangements were based on a policy of decentralization of details, and centralization of general control in the office of the custodian.

From these arrangements, came a steady stream of information and queries from banks, post offices, police and controllers which enable Mr. MacDonald to keep in touch with investigations and problems throughout Canada, to direct further investigations and to suggest principles for the solution of those problems and methods for greater cooperation between all these agencies of investigation.

An officer of the custodian's office was sent out as a field man to cooperate with the various controllers. Information was obtained of all illegal organization properties. On the return to Ottawa of this officer, the information was tabulated, and a proper inventory prepared."

And it goes on to detail the kind of business involved.

As I was about to say, sir, when the more important of these organizations were removed from the list of illegal organizations in December of 1943 the Governor in Council authorized the custodian to appoint an advisory committee to look into the complaints which were made, in particular by the Ukrainian Farmer-Temple association and other organizations. This advisory committee was headed by His Honour Judge McPhee—the other members being Mr. Campbell of Edmonton and Mr. Thomson of Windsor. And, as I said, the reports submitted by this committee were placed on the table of the House of Commons on the 24th of April, 1944. The government as a matter of policy instructed the custodian to absorb debit balances where those occurred and directed that the custodian pay the claims recommended for payment by the advisory committee headed by Judge McPhee. These aggregated approximately \$10,791.70. In connection with the Ukrainian Farmer-Labour Temple, for instance, it was directed that the custodian should pay to the municipalities one-half of the taxes for 1940. The organizations were declared illegal in June of 1940, and taxes for 1941, 1942 and 1943 on those properties on which tax payments were then in arrears and on which revenues had not been sufficient to pay them; and the payments, one, two, three, will be made from the funds held in trust by the custodian.

Subsequently, in October of 1944, the government again as a matter of policy decided to assist in the repurchase of certain Ukrainian halls which had previously been sold. The negotiations in respect of that were conducted by the minister on behalf of the government and not by any administrative member of the custodian's staff; and they related to the property of the Ukrainian Farmer-Labour Temple located at Lachine, Toronto, Hamilton, Euclid Avenue in Winnipeg, Saskatoon, Edmonton and Vancouver; and Calgary, Lethbridge and Medicine Hat.

Now, I have with me a little memorandum which is a summary of the files about most of these properties, which I am going to read. It is a digest of the files. I have the files available if the committee want them. In the meantime I can give you a few notes dealing with the principal properties.

The CHAIRMAN: I think it is quite desirable, because we cannot go into all the details at this stage.

The WITNESS: In regard to Lachine:

This was a two-storey building, constructed of cement blocks, and measuring 32' by 60'. While the assessed value in 1940 was given as \$4,000, the agents, Messrs. McDonald, Currie & Co. of Montreal, stated that the present-day value at that time (October 1940), would be approximately \$1,000.

The agents offered the property for rent but were unable to secure a satisfactory tenant, until an offer was received from the Salvation Army in April 1941. Certain tentative offers of purchase were made to the agents and accordingly they advertised the property for sale in the public



press in May 1941. Two offers were received, one from the Salvation Army for \$2,000 and an offer from a clergyman for \$1,100. The agents recommended the acceptance of the higher offer, \$2,000 cash. The property was sold, therefore, to the Salvation Army.

The annual taxes on this property were approximately \$170. As will be seen by the above, the only offer of rent, \$10 a month, would not be sufficient to cover the taxes, not to speak of fire insurance and other necessary carrying charges.

The CHAIRMAN: May I ask, Dr. Coleman, if these properties were advertised through the press?

The WITNESS: Through the press, yes.

Then, the next one is Hamilton:

A one-storey brick stucco building, 30' by 60'. At the time the building was taken over there was a mortgage and a claim by the mortgagee aggregating \$2,725. There were claims by other unsecured creditors of \$1,700 or \$1,800, so that the total liabilities exceeded \$4,000.

As early as August 1940, the solicitors for the mortgagee wrote the custodian concerning his client's claim under the mortgage and asked permission to take proceedings.

In October 1940 the property was leased for six months to Ukrainian War Veterans. When this lease expired the Ukrainian War Veterans expressed a desire to purchase and offered the sum of \$4,000, which was refused. The amount realized from the lease was insufficient to take care of the mortgage and other charges. Accordingly, the property was advertised in the last days of September and early in October, 1941, and the highest cash tender for the property and contents was from the Holy Ghost Ruthenian Greek Catholic Church, \$5,650 cash.

I may remark that a higher offer of \$6,000 was received from Ukrainian National Federation but this called for a small cash payment and the balance on mortgage.

Mr. FLEMING: That was sold then?

The WITNESS: It was sold.

Mr. FLEMING: Have you got the assessment?

The WITNESS: I have it on the file but I haven't got it on this statement.

Mr. ISNOR: Is this the property on which there was an additional liability of \$4,000?

The WITNESS: About \$4,000; a mortgage of \$2,725 and an unsecured creditor's claim, \$1,700.

The next is Toronto, at Bathurst street:—

"This was a building of brick and concrete fireproof construction, 45' by 125', assessed, land \$4,500, building \$32,000.

When the property was taken over in 1940, there was a first mortgage to the Imperial Bank of \$8,400, a second mortgage to Workers Benevolent Association of \$7,000, in respect to which it appears no claim was filed. Notice was given of notes and loans payable, amounting to \$11,638.15. The second and third instalments of taxes for 1940, amounting to \$874.65, had to be paid, and there were outstanding accounts amounting to \$100 or so.

On the 18th June, 1940, the general manager of the Imperial Bank of Canada, holders of the first mortgage, advised us of the bank's claim. On December 7th, the hall was leased by the custodian's agents to the Ukrainian National Federation, an unincorporated body, for a period

of six months, at a monthly rental of \$175. Before making the lease, the agents communicated with the Royal Canadian Mounted Police, who raised no objection to the leasing of the hall to this organization.

On the 25th of February, 1941, a delegation consisting of two members of parliament and a barrister called on the custodian's agent in Toronto objecting that the Ukrainian National Federation had undertaken to rent the property for six months, expiring 15th June, 1941, but had not been able to hold their meetings or have any social gatherings on the premises because up to that time they had not been able to secure a public hall licence. Accordingly, the custodian's agent took the matter up with the licensing authority of the Toronto police commission.

On May 21, 1941, the Ukrainian National Federation made an offer to purchase at \$25,000, but it was decided that no private negotiations would be entered into for the sale. Accordingly, the custodian directed that an advertisement should be issued in the three Toronto daily newspapers, the *Globe & Mail*, the *Star* and the *Telegram*, two insertions each at least a week apart, for the purchase of the property. In response to these advertisements, two tenders were submitted, the Ukrainian National Federation of Canada, Toronto branch, \$25,000, and an association, The Pride of Israel, \$21,000 cash. It was felt that these offers were not sufficient and accordingly the tenderers were asked to submit amended offers. The Pride of Israel Sick Benefit Society did not submit any amended offer but the Ukrainian National Federation submitted an amended offer of \$35,000, payable \$15,000 cash and the balance, \$20,000 to be secured on first mortgage with interest at 5 per cent. (The balance of this mortgage has now been paid.) The amended offer of the Ukrainian National Federation was accepted by the custodian on the 12th August, 1941.

MR. ISNOR: Would you mind repeating the amount of the mortgage held by the Imperial Bank?

THE WITNESS: That was \$8,400.

MR. STEWART: Was the amount to be paid by the association, \$35,000, paid?

THE WITNESS: Yes.

MR. FLEMING: Do you know whether the mortgage has been paid off since?

THE WITNESS: It was paid off. This memorandum which was prepared as a summary of the file says it was paid in 1944.

And, there were in Winnipeg two buildings. There was the Pritchard hall, which is known to anyone who has lived in Winnipeg, on Pritchard avenue. This hall could not be rented. No one wanted it. We endeavoured to ascertain if it could not be used by the military, the army, as an auxiliary to McGregor barracks. They examined it and said it was not adapted for their use. In respect to the Pritchard avenue hall there was a very large mortgage. The total assessed value of the Pritchard avenue hall was \$36,770, and the balance payable on the mortgage was \$37,122.82. This mortgage was held by the Workers' Benevolent Association. I do not want to make any statement of fact; but members of the Workers' Benevolent Association were in some degree similar to the Ukrainian Farmer-Labour Temple Association.

THE CHAIRMAN: Were they the owners?

THE WITNESS: They were not declared illegal. As I say, I do not want to make any statement of fact which I cannot prove; but they did operate a good deal together. I do not cast any reflection whatever, but they had this very large mortgage.

Mr. FLEMING: That was the same organization that held the mortgage on the Bathurst property?

The WITNESS: Yes. I pointed out, they did not make any claim in respect to Bathurst street, but it appeared on the register, on the title.

Mr. JAENICKE: When did they take that mortgage?

The WITNESS: Long before. They foreclosed the mortgage on the Pritchard avenue hall. I come now to the Euclid Avenue property in Winnipeg.

This hall had outstanding taxes of nearby \$500 for the year 1940, and was under mortgage to the Imperial Bank of Canada for nearly \$12,000. In cooperation with the mortgagee, the bank, efforts were made to rent the property for an amount sufficient to pay the carrying charges. When this could not be done, the bank endeavoured to obtain a quit claim from the custodian. The custodian declined to give a quit claim and offered the property for sale by tender. No offers were received in spite of extensive advertising, not only in the newspapers but by handbills.

Finally the bank, which held the mortgage, asked the custodian to advertise the property again, on the condition that the bank would pay the costs of advertising. In consequence of the later advertising the property was sold to the highest tenderer, the Ukrainian National Federation of Canada, Winnipeg branch, for \$13,300.

I have a note on Edmonton.

*By Mr. Fleming:*

Q. You have not the assessment on the Euclid avenue property?—A. I have not it in this information, no. I have this information on Edmonton.

This was a two storey frame building, size 30 x 100. It was assessed, with the lot, at \$6,490.

In July 1940, immediately after the property had been sequestrated, the agents in Edmonton reported an offer by the Ukrainian Greek Orthodox church to purchase the property and contents at \$3,000, under a four year lease option arrangement. The agents reported at the same time that it would cost at least \$1,500 to put the building in reasonably habitable condition. They further reported that apparently part of the upper floor had been rented in rooms on a day to day basis, but that as soon as the U.L.F.T.A. was declared illegal this rooming arrangement came to an end. The agents pointed out that the building was a type which would rapidly deteriorate and, since they could not obtain tenants at a figure which would cover the upkeep, they recommended sale. In September they had three different offers, one for \$5,500, another for \$4,200, and the third for \$3,600.

When they advised the property, however, in December 1940, and early in 1941, only one tender was received, which was from Nick Todoruk, at \$5,200, 10 per cent in cash and the balance to be paid within thirty days after acceptance. It subsequently developed that Nick Todoruk was purchasing on behalf of Ukrainian National Home of Canada.

I have not with me in convenient form references to the two halls which were sold where the advisory committee thought there had been some degree of carelessness.

In only two of the Ukrainian Labour-Farmer Temple Association cases did the committee express the view that the custodian's agents had sold the properties for an unduly low price. These cases were in Saskatoon and Vancouver. The committee thought the the agents had not felt it their duty to point out to the cusodian that the highest bid offered appeared unreasonably low in relation to the value of the property.



I have the files relating to Saskatoon and Vancouver in the minister's room. I would be glad to hand them to the secretary of the committee.

The CHAIRMAN: Do you not think it might be easier if some of your officers would prepare a short summary of them?

Mr. FLEMING: A precis of the contents of the files can be very helpful, dealing with the salient points.

The CHAIRMAN: It would save a lot of time for the members of the committee if that can be done.

*By Mr. Stewart:*

Q. Is that file No. 180? Can the witness tell us if that is file No. 180?—  
A. I do not know.

Q. 805 Pender street, Vancouver?—A. Yes, that is it.

Q. I have a copy of it here if you would like to read it. Possibly Saskatoon is in there too.—A. The Vancouver property on Pender street was sold after advertising for \$6,000.

*By Mr. Isnor:*

Q. \$50,000?—A. \$6,000.

*By Mr. Fleming:*

Q. Which one is that?—A. Vancouver. This is just a financial statement. I don't think it will give me the particulars the members of the committee want. We have a copy of that. We will have a summary prepared on each of those. That property was sold by the trustee to the Ukrainian Greek Orthodox church, Holy Trinity, Vancouver, in May, 1941. The Saskatoon property was sold in July, 1941 for \$1,500 to the Ukrainian Greek Orthodox church of the Holy Ghost. I will have a precis of those two sales prepared. Dealing with properties which have been sold you will observe that in that report of the advisory committee they say:

We earnestly urge that the present owners should follow the course—

*By Mr. Fleming:*

Q. Will you give us the reference?—A. Page 69. I will go back a little bit.

In regard to the sales covering ten of the Ukrainian properties the advisory committee reported to the custodian:

It is our opinion that the present owners should agree to sell the property to the Ukrainian Labour-Farmer Temple Association at the price paid by them for it provided further, however, that the present owners having made permanent improvements to the property, these should be paid for by the Ukrainian Labour-Farmer Temple Association. We earnestly urge that the present owners should follow the course suggested, as a reasonable and fair solution of a situation which, otherwise, may accentuate difficulties in respecting harmony and good feeling among Canadians of Ukrainian origin. On the other hand we urge that the Ukrainian Labour Farmer-Temple Association in the negotiations which the present owners, should approach the problem in a broadminded spirit and should be careful to avoid recrimination and haggling over details.

Negotiations were instigated to comply with the recommendations of the advisory committee. These negotiations, however, were not successful with the result that the cabinet instructed the custodian to

have an officer interview the owners of the various properties for the purpose of repurchase thereof. This was accomplished at a cost of \$83,236.98.

It was recommended to the custodian.

1. That he should absorb debit balances where these occur in the accounts for maintenance. The amount so involved was \$30,562.61.

2. That he should pay the claims recommended for payment by the committee. The claims amounted to \$10,791.70.

3. That he should pay to the municipalities one-half the taxes for 1940 and all the taxes for 1941, 1942, and 1943 on those properties in which tax payments are in arrears. Taxes so paid amounted to \$13,033.79.

Summary of the above Figures

(Ukrainian Labour-Farmer Temple Association only)

Damage claims paid .....	\$ 10,791.70
Taxes for latter part of 1940, and all of 1941, 1942, and 1943 .....	13,033.79
Cost re Purchase of Properties .....	83,236.98
Debit balances .....	30,562.61

Total..... \$137,625.08

As I have already intimated have the files available for examination by the committee or any representative. I have told all I can. We will gladly supply a detailed report on the Saskatoon and Vancouver cases, or any other particular file.

The CHAIRMAN: You will bring the assessment of the two properties on which Mr. Fleming wanted to have information.

Mr. STEWART: There are some questions I should like to ask the witness. Will he refer for a moment to page 71 of the report where it refers to a balance of \$152,640.96? I should like to have a breakdown of that amount.

The WITNESS: Page 71?

*By Mr. Stewart:*

Q. Yes.—A. May I look at it?

Q. I should like to have a breakdown of that amount.—A. The \$152,640.96?

Q. Yes, to whom the various detailed amounts were paid. Would it be possible to produce that?—A. I think so.

Q. I wish to refer specifically to one item on page 65 of the report. I shall read it so the committee will know what I am talking about. This organization is called The Workers' and Farmers' Publishing Association Limited. This is what the report has to say:

At the time this company was declared illegal, an inventory was prepared of all machinery and tools. The valuers employed by the agents for the custodian appraised these at \$9,811. The equipment so valued was advertised for sale by tender and sold for \$9,696.46. Later representations were made to the custodian, as a result of which the Hon. Paul Martin, in January, 1946, directed Mr. K. W. Wright to make an investigation, resulting in an additional compensation of \$20,000 being allowed.

This is a matter which I think we ought to investigate a little further. In the first place can the witness tell us who were the valuers employed?—A. Mr. Wright is here. He handled the whole thing, and he is prepared for your questioning. With the permission of the chairman I think Mr. Wright might take my place.

Mr. STEWART: First of all tell us where this property was situated.

Mr. K. W. WRIGHT: (Counsel for the Custodian): This printing plant was located in a building known as the Pritchard Avenue Hall in Winnipeg which was owned by the Ukrainian Labour-Farmer Temple Association.

Mr. STEWART: Who were the valuator employed?

Mr. WRIGHT: The Toronto Type Foundry was engaged by our agents, the Western Trust Company, to make a valuation in 1941.

Mr. STEWART: And who submitted the tender of \$9,696.46?

Mr. WRIGHT: The tenders that were received were not accepted, and later on as a result of private negotiations by the Western Trust Company two different offers were accepted on their recommendation by the custodian. One unit of the printing equipment was sold for \$3,000 on a time basis, and the remaining was sold for \$6,500. The difference of \$100 odd is made up of interest which accrued on the unpaid balance for the first unit which was bought on time.

Mr. STEWART: Can you tell us to whom they were sold?

Mr. WRIGHT: The \$6,500 unit was sold to Walter Lewicke of Winnipeg, and the duplex press was sold for \$3,000 to the Ukrainian National Publishing Company of Winnipeg.

Mr. STEWART: I assume this sale was authorized by the custodian?

Mr. WRIGHT: On the recommendation of the Western Trust Company, our agent, yes.

Mr. STEWART: Why was it that later another \$20,000 had to be allowed?

Mr. WRIGHT: That was a matter which I was called upon to investigate by reason of the fact that the minister was confronted with a further valuation by the same company, the Toronto Type Foundry Company, addressed to the Workers and Farmers Publishing Company. As examples I have selected five items. The valuation given to the custodian in 1941 for a particular unit known as the Acme Power Paper Cutter and motor on an as is where is basis was \$75, piecemeal \$100, and as a going concern \$150. The letter produced to the minister, the Hon. Mr. Martin, indicated to Navis, who was the secretary of this organization, that it should have been valued at \$850.

The CHAIRMAN: The same company made the two valuations?

Mr. WRIGHT: The same company, signed by different officers, as a matter of fact.

The CHAIRMAN: Then it is not only attorneys who differ in their opinions.

Mr. WRIGHT: Out of a long list of some 100 or more items I have selected 5. To Navis this one power paper cutter \$850, as I said, and to the custodian \$75, \$100 and \$150. A Miehle press, to Navis \$1,800; to the custodian four years earlier \$400 as is where is, piecemeal \$600 and as a going concern \$800. A cylinder motor, 1-A, to Navis \$2,000; to the custodian \$500, \$700 and \$900. A Hammond trim-saw, to Navis \$750; to the custodian \$60, \$125, \$175.

Mr. FLEMING: May I interrupt with one question. Was the second valuation made as of 1945 or as of the earlier date?

Mr. WRIGHT: That was the value at the time.

Mr. FLEMING: At what time, 1945?

Mr. WRIGHT: 1941.

Mr. STEWART: The first valuation?

Mr. FLEMING: I mean the second one.

Mr. WRIGHT: The second one was made in 1945 but it is a valuation as of 1941.



Mr. JAENICKE: The same company?

Mr. WRIGHT: The same company.

Mr. ISNOR: What about the fifth item?

Mr. WRIGHT: A printing press, to Navis \$7,500; to the custodian—and this is on an as is where is, piecemeal and going concern basis—\$3,500, \$3,500, \$3,500. The five items total \$12,900 to Navis but to the custodian \$4,635, \$5,025, \$5,525.

Mr. STEWART: What did the custodian pay the Toronto Type people for the first valuation?

Mr. WRIGHT: \$20.

Mr. STEWART: Did you have any correspondence with them afterwards about that amazing discrepancy?

Mr. WRIGHT: I did.

Mr. STEWART: What was their excuse?

Mr. WRIGHT: As a matter of fact, I had an investigation in Winnipeg that lasted several hours, and finally just before leaving for the east I obtained from them a letter which is incorporated in my 37-page report to the minister explaining as best they could the discrepancy, which did not satisfy me.

Mr. STEWART: Nor would it satisfy anybody else, I would imagine. There are one or two matters in connection with this I should like to ask you about. This was a publishing association which printed a paper, I believe?

Mr. WRIGHT: A weekly paper.

Mr. STEWART: And in the editor's office there would be a large number of books? There were a large number of books?

Mr. WRIGHT: Yes.

Mr. STEWART: What happened to those books?

Mr. WRIGHT: In my report I refer to it as the mystery of the missing books. What became of them no one knows.

Mr. STEWART: The Western Trust Company was responsible?

Mr. WRIGHT: To a degree. As a matter of fact, after they took over in the first instance the R.C.M.P. authorized another group to go in for a number of weeks.

Mr. STEWART: What do you mean by that?

Mr. WRIGHT: I believe they were Ukrainians, and for a few weeks they published some paper pursuant to the authority of the R.C.M.P.

Mr. STEWART: Did the R.C.M.P. have authority to over-ride the custodian?

Mr. WRIGHT: It was a matter of arrangement between departments.

Mr. STEWART: The story I have—and I do not say it is right or wrong—is that the R.C.M.P. seized a lot of this allegedly Marxist literature and destroyed the books. I have some of it on my own shelves and I think every reasonably intelligent person will have it. Do you know about that?

Mr. WRIGHT: There were a number of books destroyed. They were taken to a waste paper company. Unfortunately the Western Trust Company did not keep an inventory of the books that were taken to the waste paper company.

Mr. STEWART: On whose authority were those books destroyed?

Mr. WRIGHT: They were selected and thought to be subversive literature by agents of the Western Trust Company, and the custodian indicated they should destroy all subversive literature, and that was with the knowledge of the R.C.M.P.

Mr. STEWART: You have no idea of the titles?

Mr. WRIGHT: I have no idea. That is a matter which is a mystery today.

Mr. STEWART: The same thing happened in Germany only they had a different concept of subversive literature. They had a great book burning festival. It is rather regrettable the same thing should happen here under the guise of subversive literature.

Mr. WRIGHT: There was a claim for \$5,000 filed with the custodian for the missing books. As a matter of fact, I awarded \$1,000.

Mr. STEWART: So there must have been a large number of books destroyed?

Mr. WRIGHT: Yes, there were a number of books destroyed.

Mr. STEWART: And it is beyond any question that such did happen. They were destroyed?

Mr. WRIGHT: No question about that. I went to the waste paper company and they admitted having received two truckloads of books. They did not have a list. They were afterwards made into pulpwood.

Mr. STEWART: Your agents made an inventory of everything that was in those premises when they went in. Is that not correct?

Mr. WRIGHT: Not a very satisfactory inventory. As a matter of fact, they asked the Toronto Type Foundry Company to make this inventory of the equipment, and as was pointed out by the Printers Ink Machinery Company, whom I afterwards engaged to make an independent appraisal, there were many articles not included in the first valuation, and also indicated that it would not have been possible for this company to carry on the operations which they conducted without that equipment. They had an extensive circulation. They published a weekly paper and they also did a great deal of job printing, and all that sort of thing. The inventory which was prepared by the Toronto Type Foundry was not complete according to the evidence which came before me in my inquiry.

The CHAIRMAN: Do you mean when you were faced with two different valuations for the same thing you asked a second company to give you another valuation?

Mr. WRIGHT: Yes. The problem arose by reason of the presentation of a second valuation to the Hon. Mr. Martin. He called me and asked me if I had any knowledge of this illegal organization's work. I said I had no knowledge whatever. I had been in Vancouver for the last four or five years. I was instructed to go to Winnipeg and make an independent impartial inquiry which I did.

The CHAIRMAN: There was just one valuation made there at the time? There was no check made?

Mr. WRIGHT: One valuation made in 1941.

The CHAIRMAN: No check made on that valuation by another firm of valuers?

Mr. WRIGHT: No.

The CHAIRMAN: Was there any check made on any other properties sold as to valuation?

Mr. WRIGHT: In connection with—

The CHAIRMAN: Any of the other U.L.F.T.A. properties?

Mr. WRIGHT: I have no knowledge of that. This is the only illegal organization file about which I have any information.

The CHAIRMAN: Later on, you got a second, independent valuation?

Mr. WRIGHT: While I was in Winnipeg, I engaged the very best firm to get the information the custodian required. They submitted a complete report and my report is based on their independent valuation which was made at the time of my investigation.

The CHAIRMAN: Which company was this?

Mr. WRIGHT: This was the Printers Ink Machinery Company.

The CHAIRMAN: Would their report be more similar to the first valuation made by the Toronto Type or to the second valuation?

Mr. WRIGHT: I presented them with the list from the Toronto Type and, as a matter of fact, cut off the values which had been placed by the Toronto Type on the list which was furnished us. They had no information whatever of the values that had been given. Then, they came back later stating this was not complete, these people could not have carried on and, to our personal knowledge, they had many things beyond these. I then obtained from Mr. Navis a more complete list. He was in Winnipeg at the time and I obtained a more complete list and furnished that to Mr. Reynolds, who is head of the Printers Ink Machinery Company. As I say, my findings are based on this independent valuation which was made by the Printers Ink Machinery Company.

Mr. STEWART: Have you any idea whether there was any vandalism on the property, apart from the destruction of the books? Had anyone broken in, let us say, and perhaps pilfered any equipment or supplies?

Mr. COLEMAN: If I might have the permission of the chairman of the committee, I believe I can state that the Attorney General of Manitoba insisted we put a watchman there. There had been instances. I know you are very familiar with the location of the property.

Mr. STEWART: Yes, that is why I asked. I had not heard of any.

Mr. COLEMAN: The government was very apprehensive of it and I think the Attorney General was greatly concerned about the matter.

Mr. BURTON: Any vandalism which might have occurred would have occurred before Mr. Wright had his independent valuation made?

Mr. COLEMAN: The property had already been sold and removed when Mr. Wright did that.

Mr. STEWART: I should like to refer—I do not know whether Mr. Wright would be the proper witness—to the inventories which were prepared of those properties. I should like to know if a valuation was placed on the equipment at the same time the inventory was prepared or was it merely a factual inventory of the equipment and supplies which were in the property?

Mr. WRIGHT: You are speaking generally, now?

Mr. STEWART: Generally.

Mr. WRIGHT: As I say, this is the only file of which I have any knowledge.

Mr. ISNOR: Before Mr. Wright leaves, may I ask what the actual date of the report was to which he referred?

Mr. WRIGHT: My report is dated February 1, 1946.

Mr. ISNOR: What was the date of the first transaction?

Mr. WRIGHT: 1941.

Mr. ISNOR: What month?

Mr. WRIGHT: December 10, 1941.

The CHAIRMAN: Will you also tell me at what page we can find your report?

Mr. WRIGHT: It is not in there.

Mr. STEWART: You made a report, Mr. Wright?

Mr. WRIGHT: Yes.

Mr. STEWART: I wonder if we could have that report tabled, Mr. Chairman.

The CHAIRMAN: That is the report to which reference is made on page 65?



Mr. BURTON: Before Mr. Wright leaves, may I ask him a question? I believe he made a statement that tenders had been advertised and received, but had not been accepted. Then, again, an advertisement was published for tenders. What was the reason? Were the tenders first submitted too low?

Mr. WRIGHT: The tenders were not satisfactory to the custodian.

The CHAIRMAN: Because of the price or because of the people who submitted the tenders?

Mr. WRIGHT: On account of the price.

Mr. BURTON: There is one other point I wish to mention. I do not think you gave an answer to the chairman when he asked how close the independent valuation was to the second valuation made by the Toronto firm. I should like to know the exact figures.

Mr. WRIGHT: The total valuation made by the Printers Ink Machinery Company was \$29,773.55. This was the independent valuation which I obtained for the machinery alone. No account was taken of the office furniture or the books for the reason they had no knowledge of that. It was possible, in the course of hearing evidence of various witnesses, to determine what furniture was there. I found that they were not entitled to more than they had received for the office equipment.

The CHAIRMAN: So as to make it easier for us to compare would you kindly give us first price submitted by Toronto Type and the second one by Navis so we can compare them with the one submitted by Printer's Ink.

Mr. FLEMING: May I make a suggestion there. Mr. Wright gave us five examples, but would it not be better to have the whole list.

Mr. WRIGHT: They are all inscribed in the report.

Mr. FLEMING: But we are not going to have, presumably, the whole report typed in the record. There is only one copy to be tabled and would it not be better to have the complete list inscribed in the record.

The CHAIRMAN: I am personally of the opinion it would make the report a bit bulky but if we had at our disposal all the prices, and, if they were produced here, it would be all right.

Mr. ISNOR: It could be tabled.

Mr. FLEMING: I was not asking that the report itself be inscribed in the minutes but as the report is only being tabled and not inscribed, Mr. Wright might give us the full list of thirty-five articles.

Mr. WRIGHT: There are more than that.

Mr. FLEMING: How many are there?

Mr. WRIGHT: Upwards of 100 articles. I selected only five.

The CHAIRMAN: There are about sixteen pages.

Mr. WRIGHT: Would you like the comparison of the Toronto Type valuation and the Reynolds valuation and then the Printer's Ink and Machinery valuation?

Mr. FLEMING: Yes.

Mr. WRIGHT: The total valuation submitted by Toronto Type Foundry—as is, where is, \$4,271; piecemeal \$6,448.50; sold as going concern \$9,811.

Mr. BURTON: That is their valuation?

Mr. WRIGHT: Their valuation, yes.

Mr. FLEMING: That is for the whole 100 odd articles?

Mr. WRIGHT: That is for all of the equipment, that was \$9,811. And the assets were later sold and realized \$9,696. Mr. Reynolds's valuation, as you know, is head of the Printer's Ink Machinery Company, amounted to \$27,273.55 for the equipment; some additional matrix equipment \$1,500; which would bring the total to \$28,773.55.

I think I said before that it was \$29,000.

The CHAIRMAN: Now the second one from the Toronto Type, and Navis, would you give that?

Mr. WRIGHT: They wrote a letter to Mr. Navis which is incorporated in my report. In a letter of September 7, 1945 addressed to Mr. Navis, there is a selection of 17 articles and then in two separate paragraphs two other machines are dealt with. On page 9 of the report they referred to 11 items and from those I have selected five, which I thought would be a sort of cross-section, giving you an idea of the discrepancies and the problem which confronted the minister when he was faced with this second valuation.

Mr. BURTON: Did the Toronto firm have any explanation?

Mr. WRIGHT: Yes, finally they did write a letter explaining and this appears on page 30 of my report. I have one little note here. "October 1941, a year after our contact with the representative of the custodian it was apparently decided to definitely sell the plant and we made an offer for same which was not accepted; a higher offer than ours having been made and accepted. The purchaser of the newspaper press, we understand, was an organization of Ukrainians who had moved from Saskatoon and I believe it was other Ukrainians who purchased the rest of the plant."

"The paragraph of our letter of September 7, 1945, to which you make reference did not convey just what was intended and rather than referring to values in 1940 this should have been that such item or items would have cost the purchaser the amounts as stated by us."

Mr. FLEMING: Mr. Chairman, it is one o'clock and I suppose we will be adjourning. May I mention this one matter so as to give Mr. Coleman an opportunity of preparing a report for the next meeting and save some time. The settlement to which Mr. Coleman has referred is a total of \$137,625.08 to the U.L.F.T.A., covering ten properties altogether. We have just now received a further statement in respect to the claim of the Workers and Farmers Publishing Association Limited. Are there any other settlements made to claimants?

Mr. COLEMAN: They are all given here.

Mr. FLEMING: In other words, there are just the ten properties of the U.L.F.T.A. and then one property of the Workers and Farmers Publishing Association.

Mr. COLEMAN: And the absorbing of the debit balances on taxes.

Mr. FLEMING: Leaving out that absorption, those ten properties and the Workers and Farmers Publishing Company represent all the cases in which payments were made at the public expense to any of these claimants.

Mr. COLEMAN: And the \$11,000 covered in the McPhee report.

The CHAIRMAN: Do you expect gentlemen to have any other questions to ask Mr. Wright?

Mr. FLEMING: Oh yes, I think we ought to carry on at the next meeting where we are leaving off today.

The CHAIRMAN: May I say, gentlemen, in my haste to resume the work of the committee I omitted to express to Mr. Isnor the thanks I should have expressed for handling the committee in such a capable manner while I was away. I have been told the committee could not sit on next Tuesday before 11.30 because no room is available except this one and it is being used from 10.30 to 11.20. If it is agreeable to the committee, we will meet on Tuesday at 11.30 a.m.

Mr. ISNOR: The steering committee considered very carefully the hours at which sittings might be held. Due to the fact there were so many other committees it was felt 11.30 might work out to our advantage.

The CHAIRMAN: Since it is agreeable, we will meet on Tuesday at 11.30 a.m.

The committee adjourned at 1.05 p.m. to meet again on Tuesday, June 3, 1947, at 11.30 a.m.



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Canada. Public Accounts. Standing  
Committee. 1947  
SESSION 1947  
HOUSE OF COMMONS

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Government  
Publications

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STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

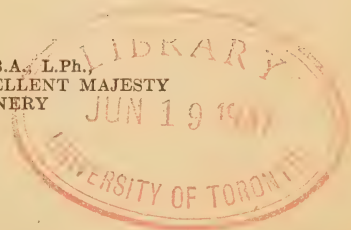
No. 12

TUESDAY, JUNE 3, 1947

WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property,  
and Mr. K. W. Wright, Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## MINUTES OF PROCEEDINGS

TUESDAY, June 3, 1947.

The Standing Committee on Public Accounts met at 11.30 o'clock a.m., the Chairman Mr. L. P. Picard, presiding.

*Members present:* Messrs. Boucher, Burton, Cleaver, Cote (*Verdun*), Cruickshank, Fleming, Fraser, Gladstone, Golding, Isnor, Jackman, Jaenicke, Johnston, Marshall, Macdonnell, Picard, Pinard, Probe, Stewart (*Winnipeg North*), Thatcher, Warren.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, and Mr. K. W. Wright, Counsel.

The Committee resumed its investigation into the administration of the property of illegal organizations.

Examination of Dr. Coleman was continued.

Dr. Coleman filed a statement of receipts and expenditures by the Custodian on account of the property of illegal organizations as at December 31, 1946.

Dr. Coleman filed a statement, *The Ukrainian Labour-Farmer Temple Association, Some Particulars regarding Ten Properties that were Sold, February 24th, 1947.*

Mr. Wright filed statements respecting the sale of Ukrainian Labour-Farmer Temple Association halls at Vancouver, B.C., and Saskatoon, Sask., which are printed as *Appendices A and B* to this day's minutes of proceedings and evidence.

At 12.55 o'clock p.m. the Committee adjourned to meet at the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 3, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, may I call the meeting to order. Doctor Coleman will be with us in a short while, but after this morning's meeting he has asked to be exempted for a certain period of time as he has been appointed to act as chairman of a special committee in connection with Mr. Truman's visit. Until the visit is over he will be fully occupied by that committee; so, for the expected further meetings of this committee this week, I think it would be fair to exempt Doctor Coleman and we will adjourn at the call of the chair. Actually Doctor Coleman did not expect to be here this morning because he was welcoming some officials, but he will be able to stay with us until 1 o'clock.

Are there any questions on the proceedings of the last meeting?

**Dr. E. H. Coleman, K.C., recalled:**

*By Mr. Fleming:*

Q. Just to begin with and to get a bird's-eye view of the whole picture may I ask Doctor Coleman a question or two of a general nature? You indicated at the last meeting settlement had been made in connection with the sales of the ten properties of the U.L.F.T.A. and sales had been made in connection with the Workers' and Farmers' Publishing Company of Winnipeg. Now actually there were a great many other properties that came into the hands of the custodian, were there not, Doctor Coleman?—A. Yes, but I would not say a great number; not many properties.

Q. Well, is it correct in all other cases, either the property was returned to the organization when the ban on those organizations was lifted in 1943, or 1944, or the organization has accepted disposal of the property made by the custodian? Is that a fair generalization?—A. Yes, sir.

Q. So far as properties are concerned, where realization has been challenged by the organizations, there were ten properties of the U.L.F.T.A. and this printing plant and library of the Workers' and Farmers' Publishing Company Limited?—A. Yes.

Q. And there were claims received from other organizations, were there not; but in the light of the McPhee report no settlement was made of those claims?—A. I do not think there were any claims other than the Finnish ones.

Q. Would you just say a word about that; I am trying to confine the subject matter of the enquiry. I am thinking, for instance, about the claims reported on pages 5 and 6 of the McPhee report, damages to different units.—A. That is the U.L.F.T.A.?

Q. Yes; and on page 6 is the Finnish organization.—A. There was only one Finnish hall that was sold.

Q. What was the upshot of any claim with reference to the disposal of that?—A. Well, you will see in the report:

With regard to the condition of the properties, we may say that at the sessions which the committee held in Toronto, the general secretary of the Finnish Organization of Canada, Mr. G. Sundqvist appeared before us and stated that their halls had been released and when asked if they were making any claims or representations, replied, "No, we are well satisfied," and he expressed the thanks of the organization for the manner in which their properties had been dealt with by the custodian.

Q. Then there was no claim from that organization?—A. There was a suggestion at one time; I do not know whether it was signified by a claim, but there was some suggestion there might be a claim which was abandoned after the McPhee enquiry and report.

Q. Then the ten properties of the U.L.F.T.A. and the plant of the Workers' and Farmers' Publishing Company then represented the exceptions to the general experience of the custodian in the matter of claims?—A. Yes.

Q. Now you were going to bring to this meeting a breakdown of the \$152,640.96 paid out in respect of those claims?—A. I have it here.

Q. Would you care to make a statement in general terms explaining the breakdown you are now following, Doctor Coleman?—A. Well, I think perhaps the simplest way is to go over each item as we have it here. There was an organization known as The Advocate which was banned. They had a bank account of \$35.99 which was returned to them. There was an Italian association, an association of Italian veterans, which had \$118.38 which was returned to them. In connection with the Auslands organization we spent \$15 in an investigation and there was a debit balance of that amount. The Canadian Labour Defence League had a bank account of \$14.68. We had expenses of \$55 which meant a debit balance of \$40.32. The Canadian League for Peace and Democracy had \$8.41 in the bank; there were disbursements of \$45.19; we returned to them \$6.22, leaving a debit balance of \$43.

Q. I do not know whether we need to go into all of these. Probably those mentioned by Doctor Coleman now would be representative examples of the different cases?—A. Yes, the small ones.

Q. Now look at the larger ones for instance, the Finnish Organization of Canada. You show total receipts of \$55,213.08; disbursements of \$52,832.74; would you say a word concerning that?—A. I will give what the disbursements were. The Finnish organization had a bank balance of \$448.69; cash in their buildings \$419.11; there was an insurance rebate of \$3,216.82; \$50,201.74 was realized from rentals on real estate; \$461.72 was realized from the sale of chattels; \$465.00 was realized from the sale of real estate; all of which makes total receipts of \$55,213.08 which was expended as follows: interest and payments re mortgage and agreements for sale \$4,776.75; sundry taxes \$16,314; insurance premiums \$7,438.87; expenses re real estate \$16,403.55; agents' fees \$6,562.90.

Q. Just a word there, did you say agents' fees?—A. Yes.

Q. That would be calculated on the percentage of the rentals collected?—A. That would be rental collection fees, yes. There was chattel mortgage and interest expense of \$1,218.65, making a total disbursement of \$52,832.74.

The CHAIRMAN: May I ask you a question there Doctor Coleman? You have receipts of \$55,213.08 and disbursements of \$52,832.74, amount returned by custodian \$12,280.99 and there is a debit balance of \$9,900.65. Is that pending some request by the organization to have the full amount returned?



The WITNESS: Yes, there was a debit of \$9,900.65 which represents payment authorized by the cabinet. If you deduct that from the amount remitted by the custodian you will see the exact difference between receipts and disbursements.

*By Mr. Fleming:*

Q. You actually remitted more than you had on hand?—A. That is right.

Q. Did you know that you were headed for a debit balance when the cabinet directed the remission of the \$12,280.99 to the Finnish organization?—A. Oh, yes.

Q. That was part of the all-round settlement and conclusion of administration.—A. The order in council directed that we pay the taxes from the beginning of June, 1940, through 1941, 1942 and 1943. I think if you will take that figure \$12,280.99 and deduct what you would call the tax allowance, I think you will find it makes exactly the difference between \$55,213.08 and \$52,832.74

The CHAIRMAN: Yes it does.

The WITNESS: Yes, exactly.

*By Mr. Fleming:*

Q. Well now that payment of \$12,280.99 along with the taxes probably explains why the representative of the Finnish organizations indicated that their organization was satisfied with the outcome and no further claim was being made. Is that right? That all happened at the same time?—A. Approximately, yes.

Q. Am I right in thinking the taxes had not been paid in the interval from the time of the remission of the business by the custodian?—A. Yes, that is right, other than where there was revenue coming in from the properties.

Q. There was revenue here because you had large amounts of rents?—A. When you say there was revenue coming in there was revenue for certain properties but not others.

Q. Did you pay the taxes on properties yielding rents?—A. No. If they had a surplus on a particular property and it had been rented for sufficient to carry the taxes, mortgage and so forth there was no debit balance on that property.

Q. Am I clear on this Doctor Coleman? In the case of the Finnish organization you were in receipt of substantial rents and you paid no taxes at all?—

A. Yes, where there was revenue coming from rent sufficient to cover the taxes, the taxes were paid all the time to avoid penalties.

Q. Yes but I want to be clear. Where the revenue was sufficient to pay the taxes you did pay them?—A. Yes, to avoid penalties.

Q. That matter of agents' fees, would you enlarge on that?—A. I would have to get further particulars on that I am afraid. There were fifty-seven units of real estate in the Finnish halls but I would have to get particulars on them.

Q. Can you give us the gross receipts against each of those, and the fees that were charged?—A. Yes, rents were \$50,201.74.

Q. Against which fees of \$6,562.90 were charged?—A. Yes.

Q. Those fees I take it were in connection with renting the property and collecting the rents?—A. Yes, and the management of it.

Q. That represents about 13 per cent of the gross rent?—A. I beg pardon?

The CHAIRMAN: That includes, management, collection of rent, and administration?

The WITNESS: Everything connected with the rental.

*By Mr. Fleming:*

Q. Now is there anything more you want to say on the Finnish society?—A. I do not think so.

Q. You have the credit balance on hand at the time of settlement and you simply returned it?—A. Right.

Q. In the case of the International Bible Students' Association, total receipts amounted to \$10,153.48 and about half that went into disbursements and the other half was returned at the time this organization was taken off the illegal list.

Q. Then we go on to Jehovah's witnesses. You received \$2,082.88 and disbursements were \$1,596.82?—A. Yes.

Q. You returned \$1,339.20 and there was a debit balance of \$853.14?—A. Yes, Jehovah's witnesses had a bank balance of \$1,296.44; cash of \$53.48; \$14.04 were realized on an insurance rebate; \$90. was realized for rental on real estate; \$628.92 were realized on sale of chattels total disbursements were \$1,596.82.

Q. Then for the benefit of the members of the committee who have not got copies of this statement before them would you give the total receipts?—A. Total receipts were \$228,662.89.

Q. I am speaking of the grand total for the whole statement? Receipts amounted to \$228,662.89; total disbursements \$365,056.46; you returned \$36,584.39; there was a debit balance of \$172,977.96 which was absorbed?—A. Yes.

Q. That includes the \$137,625.08 paid to the U.L.F.T.A. is that correct?—A. Yes.

*By Mr. Stewart:*

Q. Before we leave this statement may I ask one or two questions. On page 2 of the financial statement opposite the heading Workers' and Farmers' Publishing Company total receipts are shown as \$6,913.97. Now this plant was sold I think for \$9,500 plus accrued interest. Can the witness tell us where this discrepancy arises?

The CHAIRMAN: Where do you find that?

*By Mr. Stewart:*

Q. At page 2, at the bottom, just above the U.L.F.T.A.—A. That would be the net receipts I think, Mr. Stewart. I have not the details here but there was a lease on part of this machinery.

Q. And a mortgage of \$4,240?—A. There was a chattel mortgage on it of \$4,240.

Q. But in that case the figure for the total receipts then is wrong, is it not, because the total receipts arising from the Workers' and Farmers' Publishing Company were \$11,149.96?—A. Yes.

Q. Has that happened in any other instance?—A. No, this is from the books kept at Ottawa and I fancy the other figure was that put in by the agent. Presumably the difference would be accounted for by the cost of the mortgage.

Q. It is very nearly the net, it is within \$4.—A. Within \$40 did you say?

Q. It is within \$5.—A. That would be for discharging the mortgage.

Q. But the witness states that is the only case where the net receipts were put in; all the rest are gross?—A. Well as far as I know they are. I did not know this appeared in that form, to be quite candid, Mr. Stewart.

Q. Well I have no more questions to ask on the statement.

Mr. MACDONNELL: Looking at the U.L.T.F.A., the last line on the page, the second figure under the heading of total disbursements is \$243,511.54. Then go to the fourth and fifth columns under the heading of cost to custodian,

property repurchased, there is an item of \$160,014.65. Am I right in thinking the \$160,014.65 is included in the \$243,511.54 or is that additional?

The WITNESS: No, that is included in the \$243,511.54.

*By Mr. Fleming:*

Q. Coming now to the U.L.F.T.A. properties and a breakdown of them leaving out of account the other factors that entered in the final settlement such as the absorption of the debit balance, the payment of taxes and so on, the net loss in connection with repurchase of the ten properties of the U.L.F.T.A. was \$83,236.98 is that correct?—A. That is right.

Q. Now is that amount broken down as among the ten properties?—A. We could do that.

Q. Well I am not asking you if you could do it now but was it broken down at the time?—A. Yes.

Q. May we have a statement showing how those amounts were arrived at with respect to each of the ten properties?—A. Yes. Lachine, sale price \$2,000, repurchase price \$3,540.73, deficit \$1,540.73; Hamilton, sale price \$5,650, repurchase price \$9,000, deficit \$3,350; Toronto, sale price \$35,000, repurchase price \$65,819.92, deficit \$30,819.92; Euclid avenue, Winnipeg, sale price \$13,300, repurchase price \$20,000, deficit \$6,700; Saskatoon, sale price \$1,702.76, repurchase price \$7,000, deficit, \$5,297.24; Alberta, Edmonton, sale price \$5,739.61, repurchase price \$14,440, deficit \$8,700.39; Vancouver, sale price \$6,000, repurchase price \$12,000, deficit \$6,000.

Then in relation to the Calgary, Lethbridge and Medicine Hat properties the following figures apply. Calgary, sale price \$1,611.30; Lethbridge, sale price \$1,060; Medicine Hat, sale price \$1,500.

Those properties could not be repurchased because they had been converted by the purchasers and an allowance was made of \$25,000 to be divided among those three branches by the U.L.F.T.A. making a deficit there of \$20,828.70. The total deficit was \$83,236.98.

If it is agreeable to the committee, Mr. Chairman, I would file this statement. It is in a very summary form.

Q. You have given ten properties there, Doctor Coleman, but Pritchard hall, Winnipeg, is not included, was that because it was foreclosed?—A. It was foreclosed by the organization that held the first mortgage.

Q. No claim was made by the U.L.F.T.A. in respect of that property?—A. No.

Q. Now you referred at the last meeting to the fact that the McPhee report indicated that satisfactory sale prices had been yielded in the case of all properties with the exception of, I think you said Vancouver and Saskatoon, is that not right?—A. Yes sir.

Q. Vancouver and Saskatoon. Now leaving those two out for the moment, I would like to come back and ask questions on them later, but leaving them out for the moment, we have eight other properties?—A. Yes.

Q. When the government took matters into their own hands and directed the repurchase we find the average price paid, although it is pretty hard to strike an average, in some cases, would run nearly 100 per cent higher.

Mr. STEWART: 500 per cent.

*By Mr. Fleming:*

Q. I am leaving out Saskatoon and Vancouver. I am going back to those later as they were singled out in the McPhee report. In the case of the others am I right in saying that the McPhee report stated satisfactory prices had been yielded from the sales?—A. The report indicated at the time the property was sold, I do not want to put anything extra into the report of the writers, but it



was to the effect that the custodian got the best price that seemed available at that particular time as far as they could see when looking back on the way the sales were handled.

Q. Just let us get the words of the report so that we will be fair to the committee. If you get the passage in the report, what appears in the minutes of our last meeting at page 271, you are reading from the memorandum at that point if you will remember "In only two of the Ukrainian Labour-Farmer Temple Association cases did the committee express the view that the custodian's agents had sold the properties for an unduly low price. These cases were in Saskatoon and Vancouver. The committee thought the agents had not felt it their duty to point out to the custodian that the highest bid offered appeared unreasonably low in relation to the value of the property".

Apart from these two cases I take it it was the view of the McPhee commission that satisfactory prices had been yielded on the sales of the other eight properties. That is a good interpretation of the view of the committee. There was not at any time any recommendation from the McPhee commission to the government for payment of additional sums to the U.L.F.T.A. in respect to those other eight properties.—A. They recommended, as I think you will see—

Q. Repurchase?—A. Yes, repurchase. Now one circumstance, if I might say, Mr. Fleming, has to be kept in mind. These purchasers in 1940 purchased the properties after advertisement and call for tenders and they represented later that they had been made in some cases very substantial expenditures by way of improvements and reconverting the properties for their own needs. In the case of Calgary, Lethbridge, and Medicine Hat, reconversion was so wholesale that it was realized there was no chance whatever of repurchasing them in the form that would be convenient and suitable to the use of the original owners, the U.L.F.T.A. The Calgary hall had been one of the ordinary type of halls and it had been converted into a furniture warehouse. The Lethbridge hall had been converted, I think, into a dancing establishment. The Medicine Hat hall had been converted into a Roman Catholic church. The purchasers in these cases represented that they had expended very considerable moneys in making improvements or alterations for which they felt they had to be reimbursed. That explains paragraph 10 of the advisory committee report: "It is our opinion that the present owners should agree to sell the property to the Ukrainian Labour-Farmer Temple Association at the price paid by them for it, provided further, however, that, the present owners having made permanent improvements to the property, these should be paid for by the Ukrainian Labour-Farmer Temple Association.

We earnestly urge that the present owners should follow the course suggested, as a reasonable and fair solution of a situation which, otherwise, may accentuate difficulties in restoring harmony and good feeling among Canadians of Ukrainian origin. On the other hand, we urge that the Ukrainian Labour-Farmer Temple Association in the negotiations with the present owners, should approach the problem in a broad-minded spirit and should be careful to avoid recrimination and haggling over details.

Then, following that report which, as I said came in early 1940, negotiations were attempted but did not get very far. The problem then came again before the government and one of the members of the McPhee committee, Mr. Campbell of Edmonton, was brought here by the then secretary of state, on advice of his colleagues, to see if something could not be done with a view to examining the property and giving an opinion as to the value of the improvements. I think Mr. Campbell was selected because he had been in the lumber business and in the construction business and had been familiar with this type of building. He could not get very far. He made his report to the minister and in February of 1945 an order in council was passed providing for the expropriation of these properties.

Q. Again you are speaking of the three Calgary, Lethbridge and Medicine Hat properties?—A. No, expropriation of all of them.

Q. All ten?—A. Yes, not just those in Calgary and Lethbridge and so on.

Q. I suggest that we make that order in council a matter of record, Mr. Chairman.

The CHAIRMAN: It will be filed.

*By Mr. Fleming:*

Q. Without taking any more time, I understand from the chairman that Doctor Coleman will file that order in council. Just while we are on the subject of the order in council, there are two others I suggest that we should have on the record. The first is P.C. 8022, dated October 14, 1943, which lifted the ban on the U.L.F.T.A. and the next is P.C. 8116 dated October 19, 1943, which contemplated the appointment of a man to deal with claims. Then on October 29, 1943, the appointment of the McPhee commission pursuant to that order in council was made through the hand of the secretary of state.

The CHAIRMAN: They will be included.

*By Mr. Fleming:*

Q. Then, going on Doctor Coleman, summing the situation up, it became in 1944 government policy to bring about the physical restoration of all these former U.L.F.T.A. properties, the ten of them, to the U.L.F.T.A. at prices, which, as it turned out, were substantially in excess of the prices that the McPhee commission considered reasonable. The exceptions were the two in Saskatoon and Vancouver. That is a correct generalization, is it not?—A. Yes.

Q. And this advance in price which the government was prepared to pay even in the face of expropriation was quite substantial. In the case of Lachine it advanced over 75 per cent, that is the amount the government paid compared with the amount realized on the sale in 1940, was it, have you got the dates there?—A. Yes, it was June 5, 1941.

Q. So the government provided therefore, an advance of 75 per cent. Now in the case of Hamilton the advance is about 60 per cent?—A. Yes.

Q. In the case of Bathurst Street, Toronto, the advance is about 90 per cent is it not?—A. Yes.

Q. In the case of Euclid avenue, Winnipeg, the advance is 50 per cent?—A. Yes.

Q. In Edmonton the advance is about 250 per cent?—A. No, the sale price was \$5,000 odd and the purchase price \$14,000 odd.

Q. Yes, well that is an advance of 250 per cent according to my calculation. Perhaps Mr. Stewart could check me on that. In the case of the group of three, Calgary Lethbridge, Medicine Hat, there is an advance there of about 600 per cent which you say is to be accounted for in part by reason of improvements made on the properties?—A. No, in that case, Mr. Fleming, they could not be repurchased on account of the changes.

Q. Yes, but I do not follow that.—A. That was a separate transaction altogether.

Q. That was a money payment made because the property was not physically restored to the U.L.F.T.A.?—A. That is right.

Q. But the difference between \$4,200 and \$25,000, the difference being \$20,000 is to be explained in part as I followed your evidence, by saying there had been improvements made on the properties.—A. In relation to those three, the purchasers made very strong representations and complaints to the effect that they could not be repurchased because as I have said the purchasers had changed the entire type of building. The Calgary purchaser had made it into a furniture emporium or warehouse and the physical alteration was so great that it could not be repurchased as a hall. The Lethbridge one had done the same.

Q. Those facts, I take it, adequately explain why it was not physically possible to restore the properties to the U.L.F.T.A.—A. Yes.

Q. Those expenditures by way of improvements were made by the purchasers?—A. Right.

Q. Why should that enter into the settlement which, I take it, was intended to reimburse the U.L.F.T.A. for some putative difference between the fair value when they were liquidated and the amount realized?—A. I was not suggesting with respect to these three properties that the question of improvements entered into it at all.

Q. It did not enter into the amount?—A. No.

Q. Well thanks, Doctor Coleman, that clears that up.—A. I do not know the details of how that amount was arrived at.

Q. In the case of these three properties the sales were made when, what date?—A. Calgary, April 4, 1941; Lethbridge, January 30, 1941; Medicine Hat, April 29, 1941.

Q. The amounts yielded from those sales aggregated approximately \$4,200?—A. That is right.

Q. And in 1944 it became government policy— —A. —1945.

Q. Well in the spring of 1945 it became government policy to pay the former owners of that property \$25,000.

The CHAIRMAN: Before we leave that would you be prepared to tell the committee, before these new prices were fixed in 1945 which were higher than the original prices, did the government get any valuation by experts or were the experts of the department asked by whoever determined that policy to establish these prices?—A. I endeavour to explain, Mr. Chairman, that Mr. Campbell, who had been one of the advisory committee with Judge McPhee, who was himself a lumber dealer and I think a contractor, and had been over the properties as a member of the McPhee committee, was requested by the government to return and to go over the properties with a view to ascertaining what the improvements might represent.

Q. These prices were arrived at after Mr. Campbell made his investigation?—A. Yes.

Q. And he was asked by the government.

*By Mr. Boucher:*

Q. Doctor Coleman, when was the improvement taken into consideration?—

A. The government as a matter of policy decided they would restore the halls to the original owners. In the meantime this group of six or seven had been sold to people who had purchased them in good faith after tendering to the government and the government asked them "Will you sell them back to us?" and they said "No, we do not want to. We purchased these properties in good faith and for our own purposes. We have made improvements to suit our own needs and we do not want to sell them back." As I have stated at a certain stage after the formal negotiations had not gotten under way an order in council was passed under the War Measures Act providing for expropriation. Then realizing the expropriation proceedings might be started negotiations were resumed and these figures arrived at.

Q. Can you tell us how these figures were arrived at and on what basis?—A. I would think you would have to get Mr. Campbell to explain that.

Q. According to your statement Mr. Campbell was only giving you the figures on the value of the improvements and he was not giving you the figures on the value of the buildings?—A. I did not intend to limit my statement to that.



Q. You indicated, to me at least, that he was sent back to value the improvements and not the buildings?—A. He was brought back by the government to endeavour to assist them in re-negotiating or negotiating a repurchase and one of the factors would be the value of these improvements.

*By Mr. Fleming:*

Q. That last answer, Doctor Coleman, has no application to the Calgary, Medicine Hat and Lethbridge properties?—A. No it has no application to Calgary, Medicine Hat and Lethbridge.

Q. Did Mr. Campbell make any report concerning those three properties?—A. No, not to my knowledge.

Q. Where did this figure of \$25,000 come from?—A. There again the secretary of state of the day, under instructions from the government, was dealing with the U.L.F.T.A. I was not in the negotiations nor was any officer in our office directly concerned in the negotiation.

Q. That was in the spring of 1945?—A. 1945.

Q. That payment was finally made?—A. Yes.

Q. April 1945?—A. Yes.

Q. I think most of us will remember that season.

Mr. ISNOR: Why should we remember that?

Mr. FLEMING: I guess elections happen so often down in Halifax that they do not mean as much there as they do to some of us.

Well for some reason or other, without any assistance from Mr. Campbell, it became government policy to pay \$25,000 to the U.L.F.T.A.? I do not wish to interrupt you but I am not certain as to whether Mr. Campbell was consulted about that or not. I could not say.

*By Mr. Boucher:*

Q. Did the government see fit to make that settlement without consultation or reference to your department?—A. Pardon?

Q. I say, did the government see fit to make that settlement without consultation or reference to your department?—A. The government representative in the negotiations was responsible to the minister.

*By Mr. Fleming:*

Q. Referring to your evidence in the last meeting; at some point or other in the dealings with these properties the matter was taken out of the hands of the custodian and they were handled directly by the government; is that not correct, Dr. Coleman?

The CHAIRMAN: Of which properties are you speaking?

Mr. FLEMING: I am speaking of this group of ten.

The WITNESS: The McPhee report was submitted to the minister and by him to his colleagues, and was later tabled in the House, and all the negotiations from that time forward were carried out, whatever the instructions were, it was conducted by the Secretary of State of the day on the instructions of the government.

*By Mr. Fleming:*

Q. Can you give us those dates?—A. I find here a telegram dated October 10, 1944. It reads as follows:

Ottawa, October 10, 1944,

George A. Campbell, Esq.,  
10018-83rd Ave.,  
Edmonton.

Government has decided to enter negotiations concerning purchase of certain Ukrainian halls sold STOP You are familiar with the representa-

tions made STOP Will be grateful if you will advise me by wire if you could accept appointment to represent government in negotiations and if so whether you could come to Ottawa at early date to confer with me.

N. A. McLARTY  
Secretary of State

Charge:  
Custodian's Office

Q. Is that the first knowledge that you had that the dominion government policy contemplated repossession on behalf of the U.L.F.T.A.?—A. I would not say that. I cannot fix any date when I had first knowledge. I am, of course, aware that at that time that had been decided; but exactly when it was decided I cannot tell you.

Q. Is this a fair statement, Dr. Coleman? The McPhee committee made its final report on February 16, 1944?—A. Yes.

Q. Some eight months later the government invites Mr. Campbell, who has been a member of that committee, to represent the government in connection with certain negotiations looking into the repurchase of those properties?—A. Yes.

Q. And although the McPhee report had said that the price obtained on the sale of eight of the ten properties was reasonable, or words to that effect.—A. At the time they were made, I think.

Q. Yes, at the time they were made; and nevertheless it became government policy then at the end of 1944 to recover these properties on behalf of the U.L.F.T.A., paying to the purchaser whatever they had expended on the properties by way of improvement or otherwise, and whatever was required to obtain a willing sale of them back to the former owners; and then, in the case of these three, Calgary, Lethbridge and Medicine Hat, the government was prepared to pay \$25,000 cash for the three properties which it had sold for a total of \$4,200, at a price which the McPhee commission found to be not unduly low when sold in 1941?—A. Yes.

*By the Chairman:*

Q. May I ask a question, Mr. Fleming? A moment ago Mr. Fleming suggested between February 16 and the time when government policy was changed eight months elapsed; during those eight months you knew that negotiations were proceeding?—A. Well, Mr. Chairman, that would be a difficult question for me to answer from memory. After the McPhee report the custodian's staff on instructions from the minister, in turn from the government, implemented and carried out the terms ordered. Between then, and throughout the summer of 1944, I knew very well that representatives of the Ukrainian Labour Farmer-Temple Association and others were—I don't want to use this expression—were hammering at the door of the government and making complaints about their halls, that they wanted them back.

Q. At that time, Dr. Coleman, had the policy of the government changed, and had the government decided to hand these properties back to the original owners?—A. Yes; and during that summer there were negotiations carried on between the purchasers directly which were abortive.

Mr. ISNOR: Which summer?

The WITNESS: Between the spring of 1944 and the fall of 1944; and it became apparent to the government which was still under pressure from the organizations interested—

Mr. ISNOR: May I just pursue one point, Mr. Chairman?

The CHAIRMAN: We might let Dr. Coleman finish.

The WITNESS: There was no possibility of the parties getting together. That is why Mr. Campbell was brought back, because he had met the different

parties when he was going to the country as one of the members of the committee and they thought he might be able to use his good offices and make a little headway.

The CHAIRMAN: In trying to get the two to agree?

The WITNESS: Yes, to see what the difficulties were.

*By Mr. Isnor:*

Q. Dr. Coleman, as I recall your statement following the question by Mr. Fleming, this Mr. McPhee was a member of—A. The McPhee commission.

Q. And he was familiar with the negotiations which led up to the sale of the different properties?—A. Yes.

Q. And the sales took place about how long prior to that?—A. That would be three and a half years. The majority of them were sold in 1941.

Q. That would be in 1941?—A. Yes.

Q. I was just thinking of the form of agreement used in the sale of properties by municipalities for taxes. In such forms there is usually a provision that they will be resold to the original owner at a set figure. Was there any such clause as that in these sales?—A. There was no such clause.

Q. So he only had to deal with the values as they stood in 1941 as compared to the values in 1944, plus the improvements?—A. Yes.

Q. Plus the improvements; and because of that there is a difference roughly of \$20,000. Therefore it all simmers down to an assessment of the increase in value which came about from 1941 to 1944 or 1945?—A. That is quite right.

Q. Yes. I just wanted to clear up that point. Therefore, in fairness to the original purchaser the government felt he should be reimbursed to the extent of this increased value, the increment which had developed during that period; would that be a fair way of putting it?—A. I think that is quite fairly put.

*By Mr. Fleming:*

Q. You are saying in effect, Dr. Coleman, it was government policy to pay those who had purchased these properties in 1941 whatever they had expended on the improvements in the interval and give them the benefit of the rising market as between 1941 and 1945?—A. Yes.

Q. It means also then that it was government policy to restore the U.L.F.T.A. to the position it was in before being declared an illegal organization?—A. Well, in relation to these properties, yes.

Q. Yes; did Mr. Campbell make a report concerning these properties that he was handling?—A. Oh, yes; I know he did, to the then minister. I do not know whether we have a copy of them or not. I do not think so.

Q. I will not take further time on that now, but I would ask that these reports, whoever has them, should be tabled.—A. We can file them.

Q. So we may have an opportunity to scrutinize them?—A. Yes.

Q. Now, I want to ask you this; and, this is not a fair question so that if you do not care to answer it you may refrain from answering it if you wish. Is it your understanding that Mr. Campbell stood behind each of these settlements in 1945 that were recommended?—A. I do not know about the Calgary one, that \$25,000 one. I do not think he was in that one. Yes, I am sure he did.

Q. In the light of the McPhee report I take it that you, for the custodian, felt fully justified in the sales that you had made of eight of these ten properties, the two exceptions being in Saskatoon and Vancouver.—A. Yes.

Q. And in the case—A. —When I say that, what we are concerned with is that there was no suggestion that there has been any skulduggery, if you know what I mean.



Q. No, I am not suggesting that for a moment. I am not questioning the price obtained for these properties. Every effort was made at the time to get the best possible price in the market?—A. Yes, every effort was made to secure at the time the best market price.

Q. And, as we have all your evidence, I think the committee will agree with me that you did try to get the best possible prices for these properties at the time they were sold over this period pursuant to the policy of liquidation, and I take it that your administration has been vindicated by the McPhee report; at least, with respect to all the properties with the two exceptions of Calgary and Vancouver. Now, Dr. Coleman, I presume that the McPhee commission made another report during the time it was functioning; what you have produced here is only the Toronto report, there are a number of interim reports?—A. They made a report on each file.

Q. What are the dates of these interim reports?—A. They began their sittings early in the winter of 1943. The three members of the commission came to Ottawa. The minister I think gave them the use of his room, and the first thing they did, we turned over to them all the files relating to every one of these properties; and they looked over them and read them. In a great many cases all they said was: here you have \$12.18, we recommend that you return that; and that was done. Then, of course, there were more elaborate claims; and then on certain dates the U.L.F.T.A. and others have been making complaints and they held public hearings. As I recall it they sat in Toronto, and I know they sat in Hamilton also; and certainly in Edmonton and Vancouver.

Q. I do not want to go into all that detail, the point I am getting at is this. There are interim reports which were made. This is just a sort of final or summary report; and the real essence of the views of the committee on these various sales is to be found in the individual reports rather than in the general report?—A. Yes.

Q. I would suggest that these reports on the ten properties, Mr. Chairman, be tabled so that if there is anything in them we want to examine it will be available to us.—A. That will be done.

Q. Thank you. There is one other matter; you were of course—

The CHAIRMAN: Are you taking up another subject now, Mr. Fleming?

Mr. FLEMING: It is just a sort of review of questions, Mr. Chairman. If this is taking up too much time; I have some others I would like to ask, but I would prefer that somebody else take a turn. In this case, the U.L.F.T.A., the government sells the property of an illegal organization in 1941 and along in 1944 and 1945, in the face of a report by a government commission that these properties were sold at fair prices, with the exception of two, it becomes government policy to put these illegal organizations back in the same position that they had been in had they not been declared to be illegal organizations. I would like you to comment on this, Dr. Coleman, if you are free to comment on it. I cannot harmonize that with the policies that your department followed on instructions from the government with reference to Japanese land. In the Fraser valley area the sale is made of land of persons who were evacuees and were not declared to be members of an illegal organization; sales were made in the worst period of the war at prices running 40 per cent below even the assessed value, and even further below the prices as reflected in subsequent sales of comparable properties; and yet when the war is over there is no move made that we have heard of as yet to put these people back in the position that they would have been in had there been no policy of liquidation followed.—A. I do not think, Mr. Fleming, I can comment on that; because you are discussing questions of government policy.

The CHAIRMAN: May I ask you this?

Mr. ISNOR: It was their policy—

The CHAIRMAN: Pardon me, Mr. Isnor; I am awfully sorry; I was just going to follow up the same point.

Mr. ISNOR: All right.

The CHAIRMAN: In the case of the Japanese you were in a different position. In the case of the U.L.F.T.A. you have the McPhee report, but in the case of the Japanese you do not have any report like that?

The WITNESS: We did not have a de facto report. We had an advisory committee which recommended sale.

The CHAIRMAN: Well, yes; but they were not to be given back to them.

The WITNESS: They were not given back.

The CHAIRMAN: No, but Mr. Fleming in putting his question stated that they were sold much below market value.

The WITNESS: I do not think I want to comment on that.

The CHAIRMAN: But as I understand it, the benefit from the sale of that land was given to the owners?

The WITNESS: Oh, yes.

The CHAIRMAN: And you faced an entirely different situation with respect to this Ukrainian organization? In their case, the McPhee report suggested that the property be given back to them?

The WITNESS: Yes.

The CHAIRMAN: The case was not the same with the Japanese as it was with the U.L.F.T.A. In the latter case you first had the McPhee report, and apparently any action which has been taken resulted from the advice that the property should be returned to the former owners in order to bring about harmony between the Ukrainians and—

The WITNESS: I do not think I can go that far, Mr. Chairman. The McPhee report recommended the return of one which had never been sold. The McPhee report said that there had been sixteen sold, and about six of them there was no complaint whatever. As for the other ten they recommended that the purchasers should be induced to re-sell them to the U.L.F.T.A. That, I think, is as far as the McPhee report went.

The CHAIRMAN: Then it became government policy, as you suggested earlier, to have these properties handed back to the U.L.F.T.A. In the meantime the properties had increased in value and improvements had been made to some of them.

The WITNESS: That is right.

The CHAIRMAN: And these improvements greatly added to their value, and in some instances made them useless for the purposes of the U.L.F.T.A. Then, the purchasers who had bought them in good faith had to be given consideration for the improvements they had made, for the difference between the price at which they had bought these properties and their present value in 1945, let us say; and when it was found that negotiations for repurchase for the purpose of return to the U.L.F.T.A. were not successful this other method of adjustment was adopted.

Mr. FLEMING: You are questioning the witness on matters which are not supported by evidence, at least not by the evidence which has come before us thus far.

The CHAIRMAN: I do not agree with that, Mr. Fleming.

Mr. FLEMING: Your statements should be supported by evidence which is before us.

The CHAIRMAN: What do you mean by that? I am merely trying to review what has been done in the matter. If I am wrong, I am sure Dr. Coleman can put me right.

Then, after the government had decided the policy they would follow, as the interested parties were not able to reach agreement, they called Mr. Campbell in to make a further investigation and report.

The WITNESS: He was called in to carry on negotiations after it became clear that the parties would not get together.

The CHAIRMAN: And subsequent to Mr. Campbell's report the government decided to pay more, as suggested by Mr. Fleming, than it had received for the properties at the time of sale. Am I right; is that a fair statement of the sequence of events?

The WITNESS: I would think so.

Mr. ISNOR: I have one other question. I was going to follow along much the same line. It is hardly fair for Mr. Fleming to say that there is a parallel situation existing as far as Japanese properties are concerned and these properties.

Mr. BOUCHER: I do not think this witness should be asked whether it is fair or not.

Mr. ISNOR: There is no comparison between the return of Japanese properties, and there is no ground for support for the suggestion that they should be returned for similar reasons. I say that there is not a fair comparison of the two situations.

Mr. FLEMING: I think that would be a matter of argument between my friend Mr. Isnor and myself. It is hardly a matter for this witness to pursue.

Mr. ISNOR: If the witness does not wish to answer, he does not have to.

Mr. STEWART: I should like to refer to the matter of books and records destroyed, to which previous reference was made. I should like to know why that action was taken with respect to the books of records of, for instance, of the Russian Workers and Farmers' Club and other Communist organizations, and not with Fascist organizations?

The CHAIRMAN: Excuse me, Mr. Stewart; Dr. Coleman has to be excused because he must attend another meeting. The answer will have to be given by Mr. Wright in his absence.

Mr. STEWART: I have no questions to address to Dr. Coleman. I am perfectly satisfied with the report made by Mr. Wright.

The CHAIRMAN: I want to tell the committee that Dr. Coleman has to withdraw now because his duties call him elsewhere.

Mr. STEWART: I have no questions to put to Mr. Wright. I have read his report and I wish to congratulate him on having made such an excellent report.

I would like to know, for instance, why books and records of the Russian Workers and Farmers' Club were sold, realizing apparently \$7.13; and why similar action was taken with respect to the books and records of Communistic organizations when apparently no similar action was taken with respect to Fascist organizations?

The WITNESS: I would not like to attempt to give an answer to that offhand, without reference to the files. I think there were only two or three cases where there were complaints about the destruction of books. One was in Toronto. And this advisory committee of which Judge McPhee was the head made a special report on that. I think another place where that came up was Edmonton. I can get you their special reports on these two. I would be very glad to file them; and I will make inquiries about the others.

Mr. STEWART: I want to know; I wondered if the Fascists books and records were destroyed as well as the Communists.



The CHAIRMAN: I do not know that we can make any further progress right now. If it is agreeable to the committee we will adjourn to the call of the chair. We do not know for sure just when Dr. Coleman will again be available to the committee.

Mr. ISNOR: Just before you adjourn I want to bring up one matter. The clerk of the committee, who is generally very, very accurate and efficient has made what I think is a slight error in his reference to the motion made by Mr. Homuth with reference to a royal commission. I think it is merely set forth in the minutes of evidence—

The CHAIRMAN: Is that in the report of May 30, last Friday?

Mr. ISNOR: Yes.

The CHAIRMAN: At what page?

Mr. ISNOR: I think you will find Mr. Homuth's motion on page 264; in it he uses these words:

I think this committee ought, while you are still in the chair, to make some recommendations with respect to the setting up a commission, a royal commission or whatever you wish to call it, to deal with those losses.

My point, Mr. Chairman, is that it was not a royal commission that was covered in the motion; and, because the steering committee would have to deal with that, I think the report should be amended.

The CHAIRMAN: Your point is that the motion made by Mr. Homuth as reported on page 264, does not exactly correspond with the wording in the Minutes of Proceedings on page 259 as prepared by the clerk of the committee?

Mr. ISNOR: Yes.

The CHAIRMAN: We will make sure of that.

Mr. FLEMING: I don't quite follow that.

Mr. ISNOR: By the motion as recorded in the Minutes of Proceedings the steering committee would be obliged to consider, and to consider only a royal commission, as I read it. The motion made by Mr. Homuth was to the effect that "a commission, a royal commission or whatever you wish to call it," be considered by the steering committee.

The CHAIRMAN: You mean, this leaves a choice between the many different kinds of investigational bodies there may be up to the steering committee to select?

Mr. ISNOR: Yes.

Mr. BOUCHER: Before any alteration is made on that, in the absence of Mr. Homuth—I think he should be here, there might have been an error either place.

The CHAIRMAN: I do not intend to give orders to alter. That would not be within my power. The matter will, no doubt, be up for consideration before the steering committee and no doubt Mr. Homuth will be present. The point raised by Mr. Isnor is that the wording of the Minutes of Proceedings on page 259 does not conform precisely with the wording of the motion as put by Mr. Homuth and as recorded on page 264, and referred to above.

Mr. FLEMING: As Mr. Boucher said, Mr. Chairman, I do not think we can deal with this matter in the absence of Mr. Homuth.

The CHAIRMAN: Oh, no.

Mr. FLEMING: Personally I do not see any difference between commission and royal commission, because it is, I think, obvious that any commission to be appointed would have to be a royal commission. I take it that the matter is not ended now by what has been said.

The CHAIRMAN: There is no conclusion. As I stated, the matter will be referred to the steering committee and at a time when Mr. Homuth will be present; but the motion is as reported on page 264, or words to that effect.

Mr. FLEMING: Where is the difference between a commission, or a royal commission, or whatever he may wish to call it?

The CHAIRMAN: There may be different kinds of inquiries, conducted, but whatever form it takes it would need the approval of the government.

The WITNESS: Mr. Chairman, just before the committee adjourns there are two statements I would like to file with you. One relates to the property at the corner of Pender street and Hawkes avenue, and the other to the property in Saskatoon.

The CHAIRMAN: If there are no further questions, we will adjourn, to meet again at the call of the chair.

The committee adjourned at 12.55 p.m. to meet again at the call of the chair.

## APPENDIX A

THE UKRAINIAN LABOUR-FARMER TEMPLE ASSOCIATION  
VANCOUVER, BRITISH COLUMBIA

The land is at the South East corner of Pender Street and Hawks Avenue. The frontage on Pender Street is 75 feet and on Hawks Avenue, 122 feet. There is a 20 ft. lane at the rear or northerly end.

The building erected in the year 1928 is of plain design and not well planned. The wood floors in the basement were showing signs of deterioration through dry rot. The roof had been leaking and although the occupants had made some repairs, more work was required in this connection. The Auditorium had been redecorated, but leakages had spoiled its appearance.

The assessed value in the year 1941 was \$10,345.

Our agents advised that a fair valuation of the land and building would be \$7,200. Another appraiser valued the property at \$7,500.

The Custodian's agent in this case was the Toronto General Trust Corporation of Vancouver.

In March 1941 the Trust Company stated that they were having "For Rent" signs prepared for the property. Certain efforts were made by the Ukrainian Community Centre Association to obtain the use of the hall free of charge, but this suggestion was not acted upon in view of the carrying charges for taxes and insurance. It does not appear that any offer of rental was received.

Accordingly, in March 1941 the Custodian directed that the property should be advertised for sale by tender. This was done and in addition to advertisements in the newspapers copies of the advertisements were sent to more than 75 real estate agents in and around Vancouver. Only one tender was received, that of the Ukrainian Greek Orthodox Church, for \$6,000. This offer was accepted.



## APPENDIX B

THE UKRAINIAN LABOUR-FARMER TEMPLE ASSOCIATION  
SASKATOON, SASKATCHEWAN

The assessed value, Land—\$1,050, improvements—\$3,520, on a 60 per cent basis. Our agents in the year 1940 were of the opinion, that a fair valuation would be \$6,400 for land and improvements.

At the time the property was taken over, certain alterations were under way and were not completed. There was filed against the property a mechanic's lien of about \$400 and there were accrued taxes of nearly \$500.

In 1940 the matter was looked after by our Provincial agents at Regina but it was felt desirable to have a local agent in Saskatoon make an effort to rent the premises. Accordingly, we wrote the National Trust Company but had a reply from that company that they had closed their Real Estate Department and had transferred their business to Stayner Agencies. Stayner Agencies were therefore engaged as local agents.

Cards advertising the property for rent were on the building but in 1940 we arranged to have Stayner Agencies insert eight different advertisements offering the property for rent. In response to these advertisements there was only one "nibble", the prospective tenant desiring to use the property for entertainment purposes. This would have involved obtaining a licence from the city and the negotiations finally petered out.

In view of the fact that the property could not be rented, that there was a mechanic's lien against it and that in the opinion of our agents it would deteriorate if left idle, it was advertised for sale in June, 1941.

Only one tender was received, from the Ukrainian Greek Orthodox Church of the Holy Ghost, for \$1,500, and this tender was accepted.

The Advisory Committee heard evidence concerning the sale at sittings in Saskatoon on December 15, 1943. It will be remembered that in this case the members of the Advisory Committee orally expressed the view that the agent, Stayner Agencies, should have advised the Custodian that the tender of \$1,500 was quite probably less than a reasonable selling price for the property.







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Committee on, 1947

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(SESSION 1947  
HOUSE OF COMMONS)

Government  
Publications

(STANDING COMMITTEE  
ON

# PUBLIC ACCOUNTS)

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 13

TUESDAY, JUNE 17, 1947

WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property,  
and Mr. K. W. Wright, Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## REPORT TO THE HOUSE

TUESDAY, June 17, 1947.

The Standing Committee on Public Accounts begs leave to present the following as a

## FOURTH REPORT

Your Committee held its first meeting on Monday, April 28, 1947, and this report covers the first eleven meetings, the last of which was held on Tuesday, May 27.

A steering committee, composed of the Chairman, the Vice-Chairman and Messrs. Burton, Fleming, Gibson (*Comox-Alberni*), Marshall and Stuart (*Charlotte*), was appointed to consider procedure and agenda, and its recommendations were approved by the main committee.

The first four meetings of the Committee were devoted to consideration of Bill No. 22, An Act to continue the Revised Regulations respecting Trading with the Enemy (1945). This Bill was reported to the House with amendments on May 6, 1947, and passed the House without further amendment on May 9.

The next seven meetings were devoted to a review of the general administration and liquidation of real property in British Columbia owned by Japanese evacuees. With a view to obtaining as complete a picture as possible of the Custodian's activities in this respect, the Committee heard evidence from the Hon. C. W. Gibson, Secretary of State and Custodian of Enemy Property, Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian, Mr. F. G. Shears, Director, Vancouver Office, and Mr. K. W. Wright, Counsel; from Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act; from Mrs. Hugh Mac-Millan, Secretary, and Mr. F. Andrew Brewin, Counsel, The Cooperative Committee on Japanese Canadians, and from Mr. George Tanaka, Chairman, Japanese Canadian Committee for Democracy.

During these meetings, your Committee's enquiry was confined to a study of the Custodian's administration of the property of persons of the Japanese race as it applies to the West Coast, and more particularly to the area, known as the protected area, extending north several hundred miles from the United States Boundary and inland to the Cascade Mountains, and including Vancouver Island, the Queen Charlotte Islands and the group of small islands known as the Gulf Islands. The affairs of approximately 22,000 Japanese were involved, including the ownership of 1,700 parcels of real property as well as business, stock, equipment and household effects.

It is interesting to note that on December 10, 1941, three days after the Japanese attack on Pearl Harbour that brought the United States into the war, the Custodian opened an office in Vancouver.

Evacuation of persons of the Japanese race from the protected area commenced in March, 1942, and continued until October of that year. In the period between December 7, 1941, and March 27, 1942, the date of Order in Council P.C. 1665 vesting control of their property in the Custodian many Japanese disposed of property at prices which were probably considerably below the market value. Immediately upon assuming control, the Custodian commenced a voluntary registration of all Japanese property, real and personal. A printed form (Form "J.P.", a copy of which is appended) was mailed to every Japanese evacuee with the request that it be completed and returned to the Custodian.



Great difficulty was experienced by the Custodian in identifying the personal property, such as chattels and personal effects, of these 22,000 Japanese and, undoubtedly, some confusion resulted. The reasons for this confusion were explained in evidence to your Committee.

The procedure followed in respect to the listing of personal property and its transportation from owners' homes to storage and subsequent disposal was fully explained by the witnesses.

Some of the household effects and other chattels were advertised in the press and sold at public auction. From the evidence produced, there is no doubt that a certain amount of theft and vandalism took place both before control was vested in the Custodian and during the period of his administration.

Subsequent to the passage of the Order in Council establishing a protected area, two advisory committees were appointed: one under the chairmanship of Mr. Justice Sidney Smith, associated with Alderman Charles Jones of Vancouver and a Japanese representative; the other under the chairmanship of the late Judge David Whiteside, assisted by Mayor Mott, of New Westminster, Mr. D. A. Mackenzie, Mr. Harold Menzies and a Japanese representative. The Japanese representatives on the two committees resigned on being evacuated. Every negotiation for the sale of real estate was considered and reported upon by the committee over which Judge Whiteside presided.

Most of the discussion in your Committee centred around the sale of 741 farm properties by the Custodian to the Director, The Veterans' Land Act, for the sum of \$836,250.

A summary of the cash which has been collected by the Custodian on behalf of Japanese evacuees, covering not only real estate but fishing vessels, fishing gear, cars and trucks, farm equipment, household effects and sundries, totals \$5,373,317.64.

In view of the evidence adduced and in order that more information may be obtained as to the desirability of adjusting any apparent discrimination or loss which may have resulted from the taking over or sale of property of any kind, your Committee recommends that a commission be appointed under the provisions of the Inquiries Act to inquire into and report upon the claim of any person of the Japanese race now resident in Canada for alleged loss which resulted from the amount received by him being less than the fair market value of his property at time of sale or loss.

A copy of the minutes of proceedings and evidence to May 27 is appended. All of which is respectfully submitted.

GORDON B. ISNOR,  
*Vice-Chairman*

## Standing Committee

Government  
Publications

Form "JP"

File No. ....

## OFFICE OF THE CUSTODIAN

## JAPANESE SECTION

To be completed by persons of the Japanese race having property in any protected area. The proper administration of this property requires such persons to give full particulars as requested in this form.

*Personal Information*

Name .....  
 Home Address .....  
 Registration Number ..... Sex ..... Age .....  
 Occupation .....

(If any business or businesses carried on, state where, under what name and whether carried on by yourself or in partnership with anyone; if partnership, give partner's name.)

Employer .....  
 Married? .....  
 Name of Wife or Husband .....  
 Address of Wife or Husband .....  
 Names of Any Living Children .....  
 .....  
 Address of Children .....  
 Age of Children .....

*Statement of All Real Property* (Each parcel must be mentioned and particulars given)

1. Location and Description .....  
 .....  
 .....
2. Buildings and Other Improvements .....  
 .....  
 .....
3. Insurance (Give particulars; state where policies are) .....  
 .....
4. Taxes (Amount and where payable) .....  
 .....
5. Encumbrances (Including any unregistered claims or deposit of title deed) .....  
 .....  
 .....
5. Sub-Tenants, If Any (Give name, address, rent and to what date paid) ..
6. Occupancy and Leases (If vacant so state) .....  
 .....  
 .....

7. State Whereabouts of Title Documents.....
8. State if any Other Person Has any Interest.....
9. If Farm Land Crops Sown.....

*Statement of Real Property Occupied*

1. Location and Description.....
2. Landlord's Name and Address.....
3. Particulars of Lease and Rent and Date to Which Paid.....
4. State Whereabouts of Lease.....
6. If Farm Land, Particulars of Crops Sown.....

*Statement of Personal Property Owned:*

1. Give Brief Description and State Location of Furniture, Fixtures, Equipment and Machinery, Stock in Trade and Personal Effects:  
.....
2. Horses, Livestock and Other Animals, Poultry and Pets.....
3. Give the Name and Address of Any Person Having Any Interest in, or Claim on Any Such Property.....
4. Insurance Carried on Above Property.....
5. Mortgages, Liens and Other Claims on Property in Possession of Others.....
6. Moneys Owning to You (State if any of these debts assigned and if so, to whom).....
7. Bonds, Debentures, Shares, Stocks or Other Securities (State whereabouts).....
8. Bank Accounts.....



9. Life Insurance.....  
 .....  
 10. Interest in Any Estates or Trusts.....  
 .....  
 11. Safety Deposit Box.....

*Liabilities:*

1. Personal Debts.....  
 .....  
 .....  
 2. Trade Debts.....  
 .....  
 .....  
 .....  
 .....

I, the undersigned, hereby voluntarily turn over to the Custodian all my property in the protected area as set out above, excepting fishing vessels, deposits of money, shares of stock, debentures, bonds or other securities, if any.

I certify that the above information is true and complete and fully discloses all my property of every description in any protected area in British Columbia and sets forth all my liabilities direct and indirect.

Dated this.....day of.....1943.

(Signature).....

.....  
 Witness

For Departmental Use.....  
 .....



## MINUTES OF PROCEEDINGS

TUESDAY, June 17, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Arsenault, Boucher, Burton, Cote (*Verdun*), Denis, Fleming, Fournier (*Maisonneuve-Rosemont*), Fraser, Gladstone, Golding, Grant, Hamel, Homuth, Isnor, Picard, Stuart (*Charlotte*), Thatcher, Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, and Mr. K. W. Wright, Counsel.

The Chairman reported that, in accordance with an undertaking given the Committee at the meeting of May 22, the Director, The Veterans' Land Act, had submitted a schedule showing the details of sales of former Japanese lands.

The Chairman also reported that the following documents, promised by Dr. Coleman at the last meeting, had been received:

certain Orders in Council relating to organizations declared illegal together with a copy of the document appointing the Advisory Committee under the Chairmanship of His Honour Judge McPhee, dated October 20, 1943 (printed as *Appendix "A"* to this day's minutes of proceedings and evidence);

particulars regarding sale and repurchase of the Ukrainian Labour-Farmer Temple Association properties together with the reports of the Advisory Committee relative thereto; and

report concerning libraries formerly owned by some illegal organizations.

By order of the Committee, strangers were requested to withdraw and the Committee proceeded to consideration of its fourth report to the House.

The Chairman submitted a draft report prepared by the Vice-Chairman, Mr. Gordon B. Isnor, and amended by the Steering Committee.

After discussion, further amendments were agreed to.

On motion of Mr. Fleming:

*Ordered*,—That the report, as amended, be adopted and presented to the House by Mr. Isnor.

Strangers were admitted and the official reporters recalled.

The Committee resumed its investigation into the administration of the property of illegal organizations.

Examination of Dr. Coleman was continued.

Dr. Coleman filed minutes of a meeting of the Central Executive Committee of the Ukrainian Labour-Farmer Temple Association held at Toronto on April 7, 1945.

Dr. Coleman retired.

At 12.40 o'clock p.m. the Committee adjourned to the call of the Chair.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 17, 1947.

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, may we come to order.

This morning we have received certain documents for consideration by the committee. We have received from Mr. Murchison a statement respecting the resale of Japanese land to veterans. This statement is received in answer to a previous request.

From Mr. Wright we have received copies of the orders in council promised by Dr. Coleman at the last meeting. There is also a report respecting libraries owned by illegal organizations requested by Mr. Burton and Mr. Stewart, and particulars concerning the sale and repurchase of the Ukrainian Labour-Farmer Temple Association buildings. These will be filed with the clerk of this committee for consideration by those members who want to consult them.

Mr. FLEMING: Excuse me, Mr. Chairman, are you going on with those?

The CHAIRMAN: No, we are filing them officially.

Mr. FLEMING: I was going to suggest on those, Mr. Chairman, that I think they ought to be printed in the record. Certainly the report of Mr. Murchison should be printed because it purports to comment on another table which is already a matter of record in the proceedings of the committee.

The CHAIRMAN: I am in the hands of the committee but I would say that this report from Mr. Murchison is a thing of at least forty-eight pages. It consists of details, and, after all, those members of the committee who are to pass a recommendation at the end of our meetings, are entitled to see the reports but the whole public is not necessarily likewise entitled. The public does not have to vote on this and I submit that we might file it and leave the matter in abeyance for a week or two so that everyone will have time to consult the reports. I do not feel that it will aid the work of our committee if this forty-eight page report is published. I suggest, therefore, that we file it and have it at the disposal of the members of the committee who are, of course, entitled to know what is being done. As chairman, I submit that these should be filed only.

Mr. FLEMING: My suggestion that it be printed is because that report follows up and refers to a document which is already filed as an appendix and extends the information of the appendix. The document I am referring to is one of those put on the record by Mr. Cruickshank, found at pages 163-174, of our proceedings and Mr. Murchison's report extends the information contained in that appendix. Having printed as part of our proceedings the first table, Mr. Chairman, I should think that we are almost bound to print the table prepared by Mr. Murchison that extends the information.

Mr. ISNOR: Mr. Chairman, I think there may be something in what Mr. Fleming has to say but as he is the only one, as far as I know, who has had an opportunity of seeing the report, I favour your suggestion that for the time being the report be tabled and later it can be discussed by the committee and possibly then we can have it printed as part of our proceedings.

Mr. FLEMING: Yes, we can bring it up later.

The CHAIRMAN: Well, let us say that we will leave the matter in abeyance for two weeks and anyone who wishes can consult the reports and then, if it is the wish of the committee, the reports can be printed and to that I have no objection.

Agreed.

Now, gentlemen, two meetings ago we had completed our work on part of this committee's business and it had been suggested that a report might be drafted by Mr. Isnor covering the first part of our work.

Mr. Isnor, who is the vice-chairman, has completed his report. He has come before the steering committee with the report which has been amended, altered, and approved by the steering committee. I submit that it might be a proper time for the committee to draft an interim report. I move that when we have the report for the House we give Mr. Isnor, who was acting as chairman during the period covered by the report, and who has presented the report, the compliment of presenting it to the House. If it is agreeable to the committee we will start considering the draft interim report. Now when these reports come before the committee it is in order that it be brought in in camera, because the reports should not go to the public until they have been seen by members. This is the first time we have discussed the report with the whole committee. You will have a chance to see it now, so I suggest that the committee go into camera and the reporter may go away. We will call him back later.

Agreed.

Mr. ISNOR: Just before you close the record may I suggest that a statement be included in the record to the effect that this report was made with the unanimous approval of the steering committee and recommended for your approval.

Mr. FLEMING: I do not think it can be said to be quite that. We had quite a discussion and there were conflicting points of view expressed, but there was a spirit of conciliation on all sides in trying to arrive at the report. Although it met with general approval I think I expressed some reservations about some aspects of the report, but I do not wish to go quite so far as Mr. Isnor suggests.

The CHAIRMAN: Do you mean you were not expressing approval?

Mr. ISNOR: Well I definitely stand on what I have said. The final report as amended and approved was approved unanimously by members of the steering committee for submission to the main committee.

Mr. FLEMING: I do not want to be taken as agreeing and you will recall my remarks at the end of the meeting, Mr. Chairman. I said I would review the report again with a view to assisting in any way I could in making this report unanimous in the light of the changes that had been made. There were a number of points where I had expressed appreciation of the wishes of the members and I said I would do my best to find myself in concurrence with the other members of the committee, but I did not express myself, at that time, as agreeing to the report.

Mr. ISNOR: Then I can only say that I was mistaken in Mr. Fleming's attitude. I thought we had, as was so well stated by Mr. Fleming, given way on practically all points on which there appeared to be conflict. Mr. Burton held certain views, Mr. Fleming held certain views, the members including myself, held certain other views and so expressed them in preparing the report. There were minor changes made and then the report was finally unanimously approved, as I understood it, because there were no objections, except those expressed by Mr. Fleming who stated that he would review the matter and the report as amended has been submitted to this meeting. Now it rests there. In its present form, and for the time being, it comes from the steering committee as a report on which there was no objection taken.



Mr. FLEMING: I cannot assent to that.

Mr. BURTON: Perhaps I might be allowed to enter into this discussion. I distinctly recall the reservation that Mr. Fleming made. He said that he appreciated the spirit of conciliation and willingness to consider the different proposals. I also recollect that he expressed considerable satisfaction and in making that statement I was under the impression that he was satisfied to have it come before the committee. His reservation lay in the fact that in the final analysis he was not sure whether everything would meet with his approval. There is where his reservation ended. At no time was I under the impression that the steering committee was to be called together again so that we could have a unanimous report, and I took it for granted that it was a unanimous report for the consideration of the whole committee. Mr. Fleming, in making his reservation, was saying that he would read it over to see whether the final alterations made met entirely with what he had in mind. I believe, Mr. Chairman, that we can proceed with the work.

The CHAIRMAN: My recollection, if I may be permitted to say so, was that I understood Mr. Fleming was reserving his right to come before the main committee and vary with some opinions expressed in this report. At the time several compliments were given and he expressed his satisfaction with the work of the steering committee. I did not understand that the report was unanimous but his reservation was to his right to come before the main committee and express his views even although he then approved of the report.

I understood you, Mr. Fleming, to say that you reserved your right to come before this committee and differ on some points, but at the moment you thought that this was a suitable report and that we might come before the committee with a unanimous report although you reserved the right to express a different view.

Mr. FLEMING: Perhaps we are spending more time on it than it is worth and I think if we can get into the report my objections will become perfectly clear.

The CHAIRMAN: Then, with your consent, we will dispense with the reporter for the moment and proceed with the draft interim report.

(Discussion off the record).

The CHAIRMAN: Gentlemen, will you come to order and we will go on the record again. Dr. Coleman is now with us.

Mr. FLEMING: May I ask first, Mr. Chairman, if the members will refer to the minutes of proceedings of evidence, No. 12, of June 3, on page 289 about the 7th line. In a question of my own, I am quoted as saying "Just while we are on the subject of the order in council, there are two others I suggest that we should have on the record. The first is P.C. 8022, dated October 14, 1943,"—then I spoke about P.C. 8116, and the chairman says "They will be included." I suggested that we have these two orders in council on the record but they have not been printed in the record at all.

The CHAIRMAN: They were received after the proceedings were sent to the printer but they will be printed as part of to-day's proceedings.

Mr. FLEMING: That will be fine.

Then on page 294 about twelve lines from the end of a long question, and this is part of a broken sentence "it becomes government policy to put these illegal organizations back in the same position that they had been if they had not been declared to be illegal organizations". The word "had" should obviously have been "would have". It would then read "—back in the same position that they would have been if they had not been declared illegal organizations".

The CHAIRMAN: Thank you Mr. Fleming.

Now Dr. Coleman is with us.

**Dr. E. H. Coleman, called:**

The CHAIRMAN: Have you any reports, Dr. Coleman?

The WITNESS: Since the last sitting of the committee at which I appeared we have filed with the secretary these reports.

I have copies of some supplementary material which contains communications addressed to the late Mr. McLarty, from Mr. Campbell and others, which seem rather bearing on the matter.

The CHAIRMAN: They will be filed.

The WITNESS: I think this completes the material which I was asked to produce.

The CHAIRMAN: Are there any questions, gentlemen?

*By Mr. Fleming:*

Q. Mr. Chairman, we were dealing at our last meeting with the restoration of the properties to the original owners, the U.L.F.T.A., in the case of the three which could not be restored to the owners, namely Calgary, Lethbridge, and Medicine Hat, and the \$25,000 paid to the U.L.F.T.A. in settlement. May I ask Dr. Coleman if the U.L.F.T.A. was incorporated?—A. I believe so, yes sir.

Q. In some of the correspondence there was reference to the payment of the trustees for the U.L.F.T.A.?—A. I know a general release was executed under seal by the U.L.F.T.A.

Q. Take the payment of \$25,000 in settlement in respect of the properties at Calgary, Lethbridge, and Medicine Hat, who received the money and what, if anything, did the custodian do with respect to supervising the distribution of the proceeds?—A. A receipt was signed on behalf of the U.L.F.T.A. by Mr. John Boychuk, the secretary treasurer.

Q. Was that under the seal of the U.L.F.T.A.?—A. Our general release under seal has already been filed. I have a report from Mr. Campbell which has already been filed dated April 12, 1945, addressed to Mr. McLarty,

Victoria Building,  
7 O'Connor Street,  
Ottawa, Ontario,  
April 12, 1945.

Illegal Organizations—*Re*: U.L.F.T.A. Halls at Medicine Hat, Lethbridge and Calgary, Alta.

Dear Mr. McLarty: As I have previously advised you I was not able to come to any amicable cash settlement with the Local Branches of the Organization for the non-return of the above properties, as recommended by the Advisory Committee. The Local units of the U.L.F.T.A. at the above places finally asked their Central Organization Executive at Toronto to act on their behalf in trying to reach a satisfactory settlement. I had several meetings, with members of the Central Executive, and have now come to an agreement with them whereby the custodian will pay to the Central Executive of the U.L.F.T.A. at Toronto the sum of twenty-five thousand dollars (\$25,000) in full settlement for all the above properties, and all chattels contained in the halls at the time of placing of the "Ban" on the U.L.F.T.A.

The Central Executive is to apportion the amount of the \$25,000 each local unit will receive.

I think this arrangement will be satisfactory to all concerned, and trust it meets with your approval.

Yours faithfully,

(Sgd.) GEORGE A. CAMPBELL.

Q. Is it then a correct inference, Dr. Coleman, that the \$25,000 was paid to the central office of the U.L.F.T.A., in Toronto?—A. That is right.

Q. That organization apparently had some form of dominion incorporation?—A. Yes.

Q. And it was left to that organization to arrange to divide the proceeds up among the various local branches of the U.L.F.T.A. in Lethbridge, Calgary, and Medicine Hat?—That is right.

Q. Did the custodian assume any responsibility in over-seeing the distribution of the proceeds at all?—A. No sir, not to my knowledge.

Q. By the way, the release which the custodian received following payment of the \$25,000 was executed by the corporation of the U.L.F.T.A. over the hand of the secretary of the incorporation, is that correct?—A. Here it is, the original document; I find it has not been put in. These are the minutes of a meeting of the Central Executive Committee of the Ukrainian Labour-Farmer Temple Association held at Toronto on April 7, 1945. There were present seven men as enumerated here. The following resolutions were passed:

(1) The following four members will proceed to Ottawa there to discuss with the Honourable N. A. McLarty, the Secretary of State, matters concerning the former U.L.F.T.A. properties: Peter Prokop, John Boychuk, Michael Dushney and Michael Mutzak.

(2) The above members are authorized to contract the final settlement in respect to these properties.

(3) Any two of the above members be empowered to sign necessary documents.

Signed on behalf of the Central Executive Committee of the Ukrainian Labour-Farmer Temple Association.

PETER PROKOP,  
*Vice President.*

PETER KRAWCHUK,  
*Recording Secretary.*

Dated at Toronto, Ont.  
April 7, 1945.

Attached to it is a memorandum. Paragraph 4 of the general release states: "It is a definite condition of this statement that the settlement is to put an end to all claims or demands, direct or indirect, by the association or by any of its branches or agencies throughout Canada in respect to any and all matters relating to the control, management, leasing or disposition by the custodian of any and all properties, real or personal, of the association and any and all of its branches or agencies throughout Canada."

And so forth, and there is a schedule dealing with each case.

Q. May I see the terms of the schedule, Dr. Coleman, in case there are any questions that I might have on it?

I do not know whether anyone else has any questions of Dr. Coleman while I look this over.

The CHAIRMAN: Have any members of the committee any questions to ask? I think, Mr. Fleming, the morning is yours.

*By Mr. Fleming:*

Q. Mr. Chairman, this memorandum I see covers the various properties as to the adjustments and I think probably for the record we better have the release printed and the documents that were part of it.—A. There is a memorandum on the top, and there is nothing secret about it, but it is not really part of the release. It is addressed to me by Mr. McLarty, and I do not think it constitutes part of the document.



Q. May I ask Dr. Coleman if he has some objection to us discussing this memorandum from Mr. McLarty?—A. I do not think it is really part of the document. It is a note from a minister to one of his officers.

The CHAIRMAN: Has it not been the rule of the House not to file, as public documents, communications from a minister, or a deputy minister, to their departmental officers. Has not that always been the rule under all governments; whatever party was in power? Inter-departmental communications are of a private nature and are not to be made public but all documents are to be open to the House. They may become matters of record but not public record.

Mr. FLEMING: I think in this committee, in some cases, there has been no objection to it, especially if it is necessary to understand the sequence of events.

The CHAIRMAN: Well it would then become part of the record and we are already printing considerable material which is not absolutely necessary. That is just a personal opinion and it does not reflect on any member who wants to print it, but I wonder about the advisability. It is your privilege to read and consult it.

Mr. FLEMING: I would like to look it over.

The CHAIRMAN: Dr. Coleman himself has said that there is no objection to that.

Mr. FLEMING: Well if there is no objection—

The CHAIRMAN: We are opening a field that might lead very far under any government if private communications between ministers and their departments are open to everybody and are to be printed. I know there is little use in bringing in personal references but I have been in the Department of Justice for a number of years where we were more or less administering the Mounted Police and in such cases memoranda were always considered as inter-departmental records and I think here we might be opening a very dangerous door.

The WITNESS: I am sure that you will understand, if you read it, that it is entirely an innocuous document but I felt it my duty to call to the attention of the committee that it was a memorandum, and it is not signed, although I have no reason to doubt its authenticity.

The CHAIRMAN: May we adopt this procedure? We will ask the reporter not to include this in the record at the present time and I will read the memorandum. Then we may discuss it and decide whether or not it will be included.

(Memorandum read.)

Mr. FLEMING: Let us not worry about the memorandum then, because I am more concerned with what is attached to the release in that file.

The CHAIRMAN: The release can be printed but not this top letter because it is a personal note from a minister to his employee and I think that is opening a very vast field.

Mr. FLEMING: I do not think it is really a very vast field.

The CHAIRMAN: Well the principle is there anyway and the document will be filed.

*By Mr. Fleming:*

Q. Now just to clear up a couple of points. Was there any doubt in the mind of the custodian at the time of the payment of the \$25,000 on the return of those properties as to the right of the payee or the grantee to receive the money on the properties?—A. No, I do not think there was.

Q. Has any question been raised by the U.L.F.T.A. as to the right of the persons acting under the seal of the U.L.F.T.A. as they did?—A. No, sir, it has never been challenged that I know of.

Q. Two matters were held over from a previous meeting. One was the assessment of the Hamilton property and the other was the assessment of the Euclid avenue property in Winnipeg and I wonder if Mr. Wright has those? We did not have the assessment on them.

While Mr. Wright is looking it up I could just go on with a couple of other questions.

Was it any part of the function of the custodian to inquire into the reasons why the ban had been put on these various organizations?—A. No, sir.

Q. The order was just issued banning these various organizations that were suspected of communist sympathies and it was no part of the custodian's duty to concern with the reasons?—A. I could not say they were even suspected of communist activities or fascist activities.

Q. That was no part of the duty or function of the custodian?—A. No.

Q. The same would apply to the reasons for the lifting of the ban on them?—A. Quite.

The CHAIRMAN: Does that conclude the evidence of Dr. Coleman, gentlemen?

The WITNESS: I may give the answer to Mr. Fleming on the Hamilton property. The 1941 assessed value of the land was \$1,500 and the building was \$5,500; total \$7,000.

*By Mr. Fleming:*

Q. It was sold for \$5,650?—A. Yes. The Euclid avenue assessment on land was \$1,500 and on buildings \$10,700, a total of \$12,200, and it was sold for \$13,300. There was a mortgage as I pointed out, of \$12,000 with the Imperial bank.

Q. There were two properties in Vancouver and Saskatoon which the McPhee commission found were sold at figures below their fair value. I do not know that we have been given the reasons for that. I notice in Judge McPhee's report of February 19, 1944, he says of the Saskatoon property: "This hall was sold at a ridiculously low figure as the evidence discloses". The sale price on July 16, 1941 was \$1,702.76 and it was repurchased on May 12, 1946 for \$7,000. Now who was responsible for the sale at what Judge McPhee calls a ridiculously low figure?—A. The property was advertised. As I understand the McPhee report, the agent reported the highest tender received was so much, and in the McPhee report, the views of the advisory committee were that the agent should have gone further to say, "Although we have advertised and although this is the highest tender, we think the highest tender is below the appropriate value". They made the same observation with respect to Vancouver.

Q. Who took the decision to sell that property in July, 1941, for \$1,702.76?—A. The custodian of that day.

Q. Did he have any other advice on that?—A. He had the recommendation of the agent.

Q. Then in the case of Vancouver, the McPhee report of February 7, 1944, includes this sentence: "It is unfortunate that this hall was sold and the chattels included in the sale".

You will recall that the property was sold on May 7, 1941, for \$6,000 and repurchased for the custodian on March 29, 1945, for \$12,000 for reconveyance to the U.L.F.T.A.?—A. I gathered the view of the advisory committee headed by Judge McPhee was that the same condition prevailed, that it was most unfortunate that the agent from Vancouver had not indicated that the highest tender was too low.

Q. You sold it for \$6,000?—A. It might have been inadvisable to sell it at that price. The McPhee Committee, you see, went to both Saskatoon and Vancouver and had before them or heard representations from all parties, including the agent.

Q. That had been advertised, too?—A. Every one of them had been advertised, sir.

Q. Was that decision made by the custodian on the advice of the agent?—A. On the advice of his agent.

Q. What chattels were included in the sale? Were they included in the sale of \$6,000?—A. Yes, they were. The property and chattels were sold for \$6,000.

Q. That would be the furniture in the building?—A. The furniture in the building.

Q. Was that included in the repurchase price of \$12,000?—A. Yes.

Q. You got the same chattels back?—A. Oh, yes.

Q. And conveyed those same chattels to the U.L.F.T.A.?—A. Yes.

The CHAIRMAN: Gentlemen, I think this concludes part 2 of the agenda adopted on May 6 by the steering committee, which was a review of the administration of the illegal organizations. We have two other items on our agenda. I think it might be proper for the steering committee to meet to-morrow or this afternoon to establish contact with the proper departmental officials in charge of these items. The main committee would meet again on Friday or Tuesday of next week in order to give these officials time to prepare.

Mr. FLEMING: Could I make a suggestion with regard to the statement of Mr. Murchison? We should make up our minds reasonably soon about including that in the record. I think if the members of the committee could take the occasion to look it over, they may decide it would be well to recall Mr. Murchison to explain some of the items in that long statement.

The CHAIRMAN: The fact that we have another item before us would not preclude us from going back to any of the other items to clean them up.

Mr. FLEMING: It is important to avoid carrying these tag ends over too long.

The CHAIRMAN: Yes, that is so, but it is open to the committee to go back to any item if it is desirable. Within a reasonable time, we should have a meeting of the steering committee to get in touch with the departmental officials and then we could call a meeting of the main committee. I shall declare the meeting adjourned to the call of the Chair.

I wish to express our thanks to Mr. Coleman and his assistants for the valuable help they have given us.

The committee adjourned at 12.40 p.m. to the call of the Chair.



## APPENDIX "A"

OTTAWA, Thursday, June 6, 1940.

## ORDER IN COUNCIL

[2363]

## AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 4th day of June, 1940.

PRESENT:

## HIS EXCELLENCY THE ADMINISTRATOR IN COUNCIL

Whereas the Minister of Justice reports

1. That he considers it desirable to amend the Defence of Canada Regulations by adding to regulation 2 thereof a definition of the expression "justice of the peace", and amending sub-paragraph (*h*) of paragraph (1) of that regulation so as to permit an inspector of a police force in a city or town with a population of not less than ten thousand to exercise the powers of a senior police officer;

2. That he is advised that there are within Canada numerous organizations of a subversive character which are intended, or are likely, to be prejudicial to the safety of the State or the efficient prosecution of the War, certain of which organizations are hereinafter referred to or mentioned;

3. That in these circumstances it is desirable that such organizations should be prohibited and that a regulation should be made for this purpose and added to the Defence of Canada Regulations;

4. That it is considered desirable to make all commissioned officers of the Royal Canadian Mounted Police justices of the peace for the purpose of issuing search warrants.

Now, therefore, His Excellency the Administrator in Council, on the recommendation of the Minister of Justice and under the authority of the War Measures Act, chapter 206 of the Revised Statutes of Canada, 1927, is pleased to amend the Defence of Canada Regulations made by Order in Council P.C. 2483 of the 3rd September, 1939, and they are hereby amended as follows:—

1. By adding immediately after sub-paragraph (*e*) of paragraph (1) of regulation 2 the following—

(*ee*) "justice of the peace" includes a police magistrate, a stipendiary magistrate, or any person having the power or authority of two or more justices of the peace.

2. By revoking sub-paragraph (*h*) of paragraph (1) of regulation 2 and substituting therefor the following—

(*h*) "senior police officer" means any officer of the Royal Canadian Mounted Police not below the rank of inspector; any officer of like or superior rank of any provincial police force or of any police force of a city or town with a population of not less than ten thousand; or any person upon whom the powers of a senior police officer are for the purposes of these Regulations conferred by the Governor in Council.

3. By adding immediately after regulation 39B the following—

39C. (1) The following associations, societies, groups or organizations are hereby declared to be, and shall be deemed to be, illegal organizations, viz.—

(a) The Auslands Organization of the National Sozialistische Deutsche Arbeiterpartei;

The Deutsche Arbeitsfront;

The Canadian Society for German Culture (Deutscher Bund für Kanada);

The National Unity Party;

Canadian Union of Fascists;

The Communist Party of Canada;

The Young Communist League of Canada;

The Canadian Labour Defence League;

The League for Peace and Democracy;

The Ukrainian Labour Farmer Temple Association;

The Finnish Organization of Canada;

The Russian Workers and Farmers Club;

The Croatian Cultural Association;

The Hungarian Workers Club;

The Polish People's Association; and

The Canadian Ukrainian Youth Federation;

(b) any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization.

(2) Every person who after the publication of this regulation in the *Canada Gazette* continues to be or becomes an officer or member of an illegal organization, or professes to be such, or who advocates or defends the acts, principles or policies of such illegal organization shall be guilty of an offence against this regulation.

(3) In any prosecution under this regulation, if it be proved that the person charged has

(a) attended meetings of an illegal organization; or

(b) spoken publicly in advocacy of an illegal organization; or

(c) distributed literature of an illegal organization by circulation through the Post Office mails of Canada, or otherwise;

it shall be presumed, in the absence of proof to the contrary, that he is a member of such illegal organization.

4. By adding to regulation 58 as paragraph (3) the following—

(3) For the purposes of this regulation every commissioned officer of the Royal Canadian Mounted Police shall be a justice of the peace.

A. D. P. HEENEY,

*Clerk of the Privy Council.*

OTTAWA, Thursday, June 13, 1940.

## ORDER IN COUNCIL

[2527]

AT THE GOVERNMENT HOUSE AT OTTAWA

WEDNESDAY, the 12th day of June, 1940.

PRESENT:

## HIS EXCELLENCY THE ADMINISTRATOR IN COUNCIL

Whereas by regulation 39C of the Defence of Canada Regulations certain organizations were declared to be illegal, including any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization;

And whereas the Minister of Justice reports that there are certain Italian organizations of a subversive character which it is considered should be declared illegal organizations;

Now therefore His Excellency the Administrator in Council, on the recommendation of the Minister of Justice and pursuant to the provisions of subparagraph (b) of paragraph (1) of regulation 39C of the Defence of Canada Regulations is hereby pleased to declare the following associations, societies, groups or organizations to be illegal organizations, namely:—

- Italian Fascio Abroad (Fasci Italiani All'Estero);
- O.V.R.A. Opere Volontarie Repressione Anti-Fascisto. (National Organization for the Repression of Anti-Fascism);
- Dopolavoro. (After Work Organization);
- Associazione Combattenti Italiani. (Italian War Veterans' Association);
- O.G.I.E. Organizzazioni Giovanili Degli Italiani All'Estero. (Italian Youth Organization Abroad); and
- The Italian United Moral Front. (A combination of Italian and Italo-Canadian Societies in Montreal under the control of the Canadian Fascio.)

His Excellency the Administrator in Council is further pleased to direct that a notice to the above effect be published in the *Canada Gazette*.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

[2682]

AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 20th day of June, 1940.

PRESENT:

## HIS EXCELLENCY THE ADMINISTRATOR IN COUNCIL

Whereas by regulation 39C of the Defence of Canada Regulations certain organizations were declared to be illegal, including any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization;



And whereas the Minister of Justice reports that there is an organization known as "Technocracy Inc." which is considered to be of a subversive character and which should be declared an illegal organization.

Now, therefore, His Excellency the Administrator in Council, on the recommendation of the Minister of Justice and pursuant to the provisions of sub-paragraph (b) of paragraph (1) of regulation 39C of the Defence of Canada Regulations, is hereby pleased to declare Technocracy Inc. to be an illegal organization.

His Excellency the Administrator in Council is further pleased to direct that a notice to the above effect be published in the *Canada Gazette*.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

[2943]

AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 4th day of July, 1940.

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

Whereas by regulation 39C of the Defence of Canada Regulations certain organizations were declared to be illegal, including any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization;

And Whereas the Minister of Justice reports that there is an organization known as "Jehovah's Witnesses" which is considered to be of a subversive character and which should be declared an illegal organization.

Now, therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Justice and pursuant to the provisions of sub-paragraph (b) of paragraph (1) of regulation 39C of the Defence of Canada Regulations is hereby pleased to declare "Jehovah's Witnesses" to be an illegal organization.

His Excellency in Council is further pleased to direct that a notice to the above effect be published in the *Canada Gazette*.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

[4255]

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 27th day of August, 1940.

PRESENT:

THE DEPUTY OF HIS EXCELLENCY THE GOVERNOR GENERAL  
IN COUNCIL

Whereas by regulation 39C of the Defence of Canada Regulations certain organizations were declared to be illegal, including any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization;

And Whereas the Minister of Justice reports that there are certain organizations of a subversive character which it is considered should be declared illegal organizations.

Now, therefore, the Deputy of His Excellency the Governor General in Council, on the recommendation of the Minister of Justice and pursuant to the provisions of sub-paragraph (b) of paragraph (1) of regulation 39C of the Defence of Canada Regulations is hereby pleased to declare the following associations, societies, groups or organizations to be illegal organizations, namely:

The Workers and Farmers Publishing Association;  
The Road Publishing Company;  
The Croatian Publishing Company;  
The Polish People's Press;  
The Serbian Publishing Association; and  
The Finnish Society of Toronto.

The Deputy of His Excellency the Governor General in Council is further pleased to direct that a notice to the above effect be published in the *Canada Gazette*.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

P.C. 289

AT THE GOVERNMENT HOUSE AT OTTAWA

MONDAY, the 13th day of January, 1941.

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

Whereas by regulation 39C of the Defence of Canada Regulations (Consolidation), 1940, certain organizations were declared to be illegal, including any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization;

And whereas the organization known as "Jehovah's Witnesses" was, by Order in Council P.C. 2943 of the 4th July, 1940, declared to be an illegal organization;

And whereas the Minister of Justice reports that this organization is a part only of a general organization comprising the "Watch Tower Bible and Tract Society" and the "International Bible Students Association"; and

That it is considered advisable that the "Watch Tower Bible and Tract Society" and the "International Bible Students Association" each be declared an illegal organization.

Therefore His Excellency the Governor General in Council, on the recommendation of the Minister of Justice and pursuant to the provisions of sub-paragraph (b) of paragraph (1) of regulation 39C of the Defence of Canada Regulations (Consolidation), 1940, is hereby pleased to declare each of the following associations, societies, groups or organizations to be illegal organizations, namely:

"Watch Tower Bible and Tract Society; and  
International Bible Students Association."

His Excellency in Council is hereby further pleased to direct that a notice to the above effect be published in the *Canada Gazette*.

Sgd. A. D. P. HEENEY,  
*Clerk of the Privy Council.*

P.C. 582

## AT THE GOVERNMENT HOUSE AT OTTAWA

WEDNESDAY, the 29th day of January, 1941.

PRESENT:

## HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

Whereas by regulation 39C of the Defence of Canada Regulations (Consolidation), 1940, certain organizations were declared to be illegal, including any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization;

And whereas the organizations known as "Jehovah's Witnesses" and "Watch Tower Bible and Tract Society" and the "International Bible Students Association" have, by Orders in Council P.C. 2943 of the 4th July, 1940, and P.C. 289 of the 13th January, 1941, respectively, been declared illegal organizations;

And whereas the Minister of Justice reports that it is now ascertained that in addition to the above organizations the "Watch Tower Bible and Tract Society Incorporated" forms part of the same general organization; and

That it is considered advisable that the "Watch Tower Bible and Tract Society Incorporated" be declared an illegal organization.

Therefore His Excellency the Governor General in Council, on the recommendation of the Minister of Justice and pursuant to the provisions of subparagraph (b) of paragraph (1) of regulation 39C of the Defence of Canada Regulations (Consolidation), 1940, is hereby pleased to declare the "Watch Tower Bible and Tract Society Incorporated" to be an illegal organization.

His Excellency in Council is hereby further pleased to direct that a notice to the above effect be published in the *Canada Gazette*.

Sgd. A. D. P. HEENEY,  
Clerk of the Privy Council.

P.C. 1223

## AT THE GOVERNMENT HOUSE AT OTTAWA

WEDNESDAY, the 29th day of January, 1941.

PRESENT:

## HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

Whereas by regulation 39C of the Defence of Canada Regulations (Consolidation), 1940, certain organizations were declared to be illegal, including any association, society, group or organization which the Governor in Council, by notice published in the *Canada Gazette*, declares to be an illegal organization;

And whereas the organization known as "The Finnish Organization of Canada" was declared to be an illegal organization by regulation 39C of the Defence of Canada Regulations;

And whereas the Minister of Justice reports that it is now ascertained that "The Finnish Society", an organization incorporated under the laws of British Columbia, is of the same character as and for practical purposes formed part of The Finnish Organization of Canada; and



That it is considered advisable that the said "The Finnish Society" be declared an illegal organization.

Therefore His Excellency the Governor General in Council, on the recommendation of the Minister of Justice and pursuant to the provisions of sub-paragraph (b) of paragraph (1) of regulation 39C of the Defence of Canada Regulations (Consolidation), 1940, is hereby pleased to declare "The Finnish Society" to be an illegal organization.

His Excellency in Council is hereby further pleased to direct that a notice to the above effect be published in the *Canada Gazette*.

Sgd. A. D. P. HEENEY,  
*Clerk of the Privy Council.*

*Order in Council amending the Defence of Canada Regulations  
(Consolidation) 1942*

P. C. 8022

AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 14th day of October, 1943

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

His Excellency the Governor General in Council, on the recommendation of the Minister of Justice, and under the authority of the War Measures Act, Chapter 206 of the Revised Statutes of Canada 1927, is pleased to amend sub-paragraph (a) of Paragraph (1) of Regulation 39C of the Defence of Canada Regulations (Consolidation) 1942, and it is hereby amended by deleting therefrom, the names of the following organizations,—

The Ukrainian Labour Farmer Temple Association,  
The Finnish Organization of Canada,  
The Finnish Society of Toronto,  
The Finnish Society,  
Technocracy Inc.,  
Jehovah's Witnesses.

His Excellency in Council, on the same recommendation and under the authority above cited, is further pleased to order and doth hereby order that all property, rights and interests in Canada, or the proceeds thereof, vested in and subject to the control and management of the Custodian pursuant to the provisions of paragraph (4) of Regulation 39C of the Defence of Canada Regulations (Consolidation) 1942, be released to the organization or person from whom it was received where the name of the organization has been deleted from the sub-paragraph (a) of paragraph (1) of the said Regulation 39C.

Certified to be a true copy.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

*Order in Council authorizing appointment of a committee to advise the Custodian in connection with the return of properties to organizations mentioned in P.C. 8022, 14th October, 1943.*

P.C. 8116

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 19th day of October, 1943

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

Whereas by Order in Council, dated the 14th day of October, 1943, (P.C. 8022) it was provided that all property, rights and interests in Canada, or the proceeds thereof, of six organizations mentioned in the said Order in Council which had been vested in and subject to the control and management of the Custodian pursuant to the provisions of paragraph (4) of Regulation 39C of the Defence of Canada Regulations (Consolidation) 1942, be released to the organization or person from whom it was received where the name of the organization has been deleted from sub-paragraph (a) of paragraph (1) of the said Regulation 39C;

And whereas the Secretary of State reports that it is desirable in the public interest that the Custodian, in performing the duty imposed on him by the said Order in Council (P.C. 8022) should be advised by an Advisory Committee, to consist of not more than three persons, to consider and make recommendations to him with respect to the manner and means which should be used in releasing the properties referred to in the said Order in Council and to consider and advise him in respect to any objections or complaints in respect to dealing with claims filed and any conflicting claims as to the ownership of said properties or the proceeds of any properties which may have been liquidated.

Therefore, His Excellency the Governor General in Council, on the recommendation of the Secretary of State, concurred in by the Minister of Justice, and under the authority of the War Measures Act, Chapter 206 of the Revised Statutes of Canada 1927, is pleased to order and doth hereby order as follows:

1. The Custodian is hereby authorized to appoint an Advisory Committee, to consist of not more than three persons, to make recommendations to him with respect to the matters aforesaid and any other matters relating to the release or return of the said properties or the proceeds thereof which may be referred to the Advisory Committee by the Custodian.

2. The Chairman of the Committee shall be a person who holds or has held judicial office.

3. The Chairman or any member of the Advisory Committee may administer oaths and the Committee may receive and accept such evidence and information on oath, affidavit or otherwise as in its discretion it may deem fit and proper.

4. The Committee shall have all the powers and authority of a Commissioner appointed under Part I of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada 1927.

Certified to be a true copy.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

P.C. 4476

## AT THE GOVERNMENT HOUSE AT OTTAWA

PRESENT:

TUESDAY, the 13th day of June, 1944.

## HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

His Excellency the Governor General in Council, on the recommendation of the Minister of Justice, and under the authority of the War Measures Act, Chapter 206 of the Revised Statutes of Canada, 1927, is pleased to amend sub-paragraph (a) of paragraph (1) of Regulation 39C of the Defence of Canada Regulations (Consolidation) 1942 and it is hereby amended by deleting therefrom the name "International Bible Students Association."

His Excellency the Governor General in Council, on the same recommendation and under the authority above cited, is further pleased to order and it is hereby ordered that all property, rights and interests in Canada, or the proceeds thereof, vested in, and subject to, the control and management of the Custodian pursuant to the provisions of paragraph (4) of Regulation 39C of the Defence of Canada Regulations (Consolidation) 1942, received from the International Bible Students Association be released to that organization.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

Order in Council vesting in His Majesty title to certain properties in Vancouver, Edmonton, Saskatoon, Hamilton and Toronto.

P.C. 558

## AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 25th day of January, 1945.

PRESENT:

## HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL:

Whereas it is deemed advisable, by reason of the state of war now existing, for the security, defence, peace, order and welfare of Canada, that the properties described in Schedule "A" hereto be appropriated by His Majesty;

Therefore, His Excellency the Governor General in Council, on the recommendation of the Secretary of State and under the powers conferred by the War Measures Act, is pleased to order and doth hereby order as follows:—

1. The properties described in Schedule "A" hereto are hereby appropriated by His Majesty and all right, title and interest therein is hereby vested in His Majesty.

2. Possession of the said properties shall be delivered, not later than April 30, 1945, to the Secretary of State of Canada, who shall administer the said properties on behalf of His Majesty.

3. Compensation for the properties so appropriated shall, if no agreement is reached in respect thereof, be determined by means of a reference by the Minister of Justice to the Exchequer Court or to a superior or county court of the province within which the claim arises.

Certified to be a true copy.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*



## P.C. 558

## "SCHEDULE 'A'"

*Parcel 1*

That parcel or tract of land and premises situate in the City of Vancouver, and Province of British Columbia, and more particularly known and described as: Lots thirty-eight (38), thirty-nine (39) and forty (40), Block sixty-six (66). District Lot one Hundred and eighty-one (181). Group one (1), New Westminster District, Plan 196, March 15, 1928, Certificate of Title 43663 K.

*Parcel 2*

That parcel or tract of land and premises known as Lot seven (7) block nineteen (19); in River lots twelve (12) and fourteen (14) subdivision of the City of Edmonton, in the Province of Alberta, Dominion of Canada, of record in the Land Titles Office for this land Registration District as Plan "D".

Lot eight (8) block nineteen (19); in River lots twelve (12) and fourteen (14) subdivision of the City of Edmonton in the Province of Alberta, in the Dominion of Canada of record in the Land Titles Office for this land Registration District as Plan "D".

*Parcel 3*

That parcel or tract of land and premises known as lots 35 and 36 in Block 22, in the City of Saskatoon, in the Province of Saskatchewan, in the Dominion of Canada, according to a Plan of Record in the Land Titles Office for the Saskatoon Land Registration District as No. (C.E.) E.5618, Certificate Title No. 194 L.85, date 6th May, 1925.

*Parcel 4*

ALL AND SINGULAR those certain parcels of land and premises situate, lying and being in the City of Hamilton, in the County of Wentworth and being composed of Lots Numbers Three Hundred and Seventeen and Three Hundred and Eighteen, EXCEPTING the rear fifteen feet (15') from each lot according to a Plan of a subdivision in the City of Hamilton known as Central Survey and duly registered.

And also ALL AND SINGULAR that certain parcel or tract of land and premises situate, lying and being in the City of Hamilton, County of Wentworth, Province of Ontario and being composed of the easterly one foot (1') throughout from front to rear of Lot Number Three Hundred and Sixteen (316) on the south side of Barton Street, according to the survey known as Central Survey registered Plan Number 477, excepting thereout the rear fifteen feet (15').

TOGETHER WITH a right of way over the southerly fifteen feet (15') of Lots Numbers Three Hundred and Fifteen (315) to Three Hundred and Thirty-four (334) inclusive for use as an alleyway.

*Parcel 5*

That parcel or tract of land and premises known as part Lots Nos. 9 and 10, Plan D-202, as described in registered instrument No. 40199 W.B., in the Province of Ontario, in the Dominion of Canada, more particularly described as follows:—

ALL AND SINGULAR that certain parcel or tract of land and premises situate lying and being in the City of Toronto, in the County of York and being composed of Lot Number Nine (9) and the Southerly one foot and nine inches (1 ft. 9 inches) of Lot Number Ten (10) on the west side of Bathurst Street, in the said City of Toronto, according to registered Plan D-202, the said parcel having a frontage of twenty-six feet and nine inches (26 ft. 9 in.) on Bathurst Street and a depth of One Hundred and Twenty-eight feet (128 ft.) more or less to a land.

*Secondly:* All and singular that certain parcel or tract of land and premises situate lying and being composed of the northerly twenty-three feet three inches (23 ft. 3 in.) of Lot Number Ten (10) on the west side of Bathurst Street according to a Plan registered in the Registry Office of the said City of Toronto numbered D-202 by a depth of one hundred and twenty-eight feet (128 ft.) more or less to a lane.

Order in Council amending the Defence of Canada Regulations.  
(Consolidation) 1942

P.C. 3635

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 22nd day of May, 1945.

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

His Excellency the Governor General in Council, on the recommendation of the Minister of Justice, and under the authority of the War Measures Act, Chapter 206 of the Revised Statutes of Canada 1927, is pleased to amend sub-paragraph (a) of paragraph (1) of regulation 39C of the Defence of Canada Regulations (Consolidation) 1942, and it is hereby amended by deleting therefrom the names of the following organizations,—

Watch Tower Bible and Tract Society,  
Watch Tower Bible and Tract Society Incorporated.

Certified to be a true copy.

A. D. P. HEENEY,  
*Clerk of the Privy Council.*

Order in Council revoking certain of the Defence of Canada Regulations.

P.C. 5637

AT THE GOVERNMENT HOUSE AT OTTAWA

THURSDAY, the 16th day of August, 1945.

PRESENT:

HIS EXCELLENCY THE GOVERNOR GENERAL IN COUNCIL

Whereas the Minister of Justice reports that, with the termination of hostilities, it appears to be desirable without delay to revoke certain of the Defence of Canada Regulations which impose restrictions on liberties normally enjoyed by individuals in peace time;

Now, therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Justice and under the authority of the War Measures Act, is pleased to revoke and doth hereby revoke the following Defence of Canada Regulations (Consolidation), 1942, namely:

Regulations thirteen, fourteen, fifteen, sixteen, seventeen, twenty-one, twenty-two, thirty-nine A, thirty-nine B, thirty-nine C, sixty-three A.

His Excellency in Council, on the same recommendation and under the authority of the War Measures Act, is further pleased to amend Order in Council P.C. 946 of the 5th day of February, 1943, and it is hereby amended by adding immediately after Regulation three thereof the following:—

“3A. (1) All persons of the Japanese race who were detained pursuant to the provisions of Regulation 21 of the Defence of Canada Regulations (Consolidation) 1942, prior to the fifteenth day of August, nineteen hundred and forty-five, and were so detained on the said fifteenth day of August, shall continue to be detained, and such persons while so detained shall be deemed to be in legal custody.

(2) The Minister of Justice may by order direct the release of any such person upon such conditions, if any, as he may consider advisable and necessary.”

A. D. P. HEENEY,

*Clerk of the Privy Council.*

### THE SECRETARY OF STATE OF CANADA

Under the authority of Order of the Governor General in Council, approved 19th October, 1943 (P.C. 8116), a copy of which is attached, I, the Custodian, hereby appoint His Honour Judge George W. McPhee, of Moose Jaw, Saskatchewan, George A. Campbell, Esq., of Edmonton, Alberta, and W. Gordon Thomson, Esq., of Windsor, Ontario, an Advisory Committee, with His Honour Judge McPhee as Chairman.

I hereby require the said Advisory Committee:

(1) To consider and make recommendations to the Custodian in respect to the manner and means which should be used by the Custodian in releasing the properties of the six organizations mentioned in Order of His Excellency in Council of the 14th October, 1943 (P.C. 8022), a copy of which is attached, or the proceeds thereof, and matters ancillary thereto.

In accordance with the terms of the Order of His Excellency in Council, approved 19th October, 1943 (P.C. 8116), the Chairman or any member of the Advisory Committee may administer oaths and the Committee may receive and accept such evidence and information on oath, affidavit or otherwise as in its discretion it may deem fit and proper, and, further, the Committee shall have all the powers and authority of a Commissioner appointed under Part I of the Inquiries Act, Chapter 99 of the Revised Statutes of Canada, 1927.

Dated this twentieth day of October, 1943.

(Signed) N. A. McLARTY,

*Secretary of State and Custodian.*







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Canada. Public Account. Standing  
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(STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 14

TUESDAY, JUNE 24, 1947

## WITNESSES

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property,  
Mr. A. H. Mathieu, Assistant Deputy Custodian, and Mr. K. W.  
Wright, Counsel;

Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land  
Act.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.R.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947

LIBRARY OF THE  
HOUSE OF COMMONS





## MINUTES OF PROCEEDINGS

TUESDAY, June 24, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Boucher, Burton, Cleaver, Cockeram, Denis, Gladstone, Golding, Picard, Probe, Stewart (*Winnipeg North*), Stuart (*Charlotte*), Thatcher, Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, Mr. A. H. Mathieu, Assistant Deputy Custodian, and Mr. K. W. Wright, Counsel; Mr. Gordon Murchison, Director, The Veterans' Land Act.

The Chairman tabled a report by P. S. Ross and Sons on the Vancouver Office of the Custodian, covering the period from the opening of the office to December 31, 1946.

Mr. Murchison was recalled.

After discussion, it was agreed that questioning of Mr. Murchison respecting the resale to veterans of lands formerly owned by persons of the Japanese race be postponed until the next meeting.

Mr. Murchison was retired.

The Committee resumed its investigation into the administration of the property of illegal organizations.

Mr. Wright was recalled and questioned.

The Committee proceeded to an investigation of the Ottawa office of the Custodian.

Mr. Mathieu was called, heard and questioned.

Dr. Coleman was recalled and questioned.

At 12.45 p.m. the Committee adjourned to meet at the call of the chair.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 24, 1947.

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, I have here a copy of a report sent by Mr. Coleman. It is sent in answer to a question which was asked on May 13 by Mr. Stewart and, I think, by others at various times. It is the audit of the custodian's office at Vancouver. Dr. Coleman told us we would receive it as soon as possible and we have received it to-day. Since I assume the members of the committee are not ready to discuss it, if they feel so disposed, I will file it.

I should like to mention a discussion I had after the last meeting with some members of the press who reproached me for not communicating some of the figures which were deposited with the committee at the last minute. These figures were contained in Mr. Murchison's report. Since this report had not been discussed by the members of the committee, I took it upon myself to ask the secretary not to reveal those figures to the press until the members of the committee had an opportunity of discussing them. I intend to do the same thing with this report. I do not know what is in it, but I will file it and it will be at the disposal of the members of the committee. When the members of the committee have had an opportunity to discuss it at the next meeting, it will then be public property.

This morning I received a call from the Hon. Ian Mackenzie, who expressed surprise that our report on the first part of this committee's work had already been tabled. He thought the whole of the committee's work would be the subject of a report at the end of our deliberations. He said, since the report is in, it might be awkward for him to ask to appear before the committee, but he desired me to tell the committee that if it was the committee's wish that he appear, he is ready to appear. Since he believed the report would be made upon the completion of our deliberations he had not, as yet, signified his intention of appearing before us. He said, however, I might tell the committee that if any of the members think he should appear or could be of any help to the committee, he would be willing to appear although the Japanese question upon which he would appear has already been the subject of a report. If anyone, at any time, wants to call the minister he is at the disposal of the committee.

Towards the end of the last meeting Mr. Fleming expressed a desire that we should go as quickly as possible to the consideration of Mr. Murchison's report. We had called a meeting for Friday, but some of the members could not attend. I had to go down to Quebec on some important business and some other members expressed a desire that the meeting be postponed so it was postponed until this morning. I have received a letter from Mr. Fleming stating he will not be here this morning. I think, since we have Mr. Murchison here, we should proceed with him. If he does not take up all this morning we will adjourn his evidence and, at the next meeting, when Mr. Fleming is present, if he wants to question Mr. Murchison he will be at the disposal of the committee.

There was also a suggestion towards the end of the last meeting that the steering committee would meet to discuss the order of business before the committee. At the time, I was not aware that the steering committee had already drafted an agenda for this committee. At the last meeting the committee was adjourned to the call of the chair. I called the committee for Friday because I

realized that on May 8, the steering committee had drafted the order in which the various matters would be taken up in our investigation of the custodian's affairs. We have completed the first two parts of that examination, the examination of the Vancouver office and a review of the administration of the property of illegal organizations. According to the decision of the steering committee on May 8, we were to proceed with an investigation of the Ottawa office and then an examination of the custodian's accounts.

When I learned this, I realized we did not need a meeting of the steering committee and I felt we should go ahead with our investigation of the Ottawa office of the custodian. This morning, therefore, if we finish with Mr. Murchison temporarily, until Mr. Fleming returns, we will carry on with the investigation of the Ottawa office.

Mr. BOUCHER: Would it not be wise to wait until Mr. Fleming returns before taking Mr. Murchison's evidence and continuing with the Ottawa office investigation this morning? Mr. Fleming has been very active in this investigation. I take it from your statement that the steering committee meeting was not called so Mr. Fleming may not have had advance knowledge of Mr. Murchison's appearance this morning.

The CHAIRMAN: He knows about it and he told me he could not be here. Mr. Fleming asked if we could summon the steering committee in order that he may bring some matters to the attention of the committee which he believes should be investigated. He asked, if possible, that that meeting take place any time after Wednesday. If this meeting were held before then, he thought Mr. Smith or someone could attend in his place. I thought it would be courtesy to wait until Mr. Fleming returned.

Mr. BURTON: When Mr. Fleming requested Wednesday afternoon, that would mean to-morrow?

The CHAIRMAN: Yes.

Mr. BURTON: I suggest we have a steering committee meeting to-morrow at your convenience.

The CHAIRMAN: Yes, I have already asked the clerk to fix an hour to-morrow when we can meet, any hour which would be most convenient to the members of the steering committee. We would have that meeting to-morrow afternoon at which we could discuss any other matters.

Mr. BOUCHER: I have not been talking with Mr. Fleming, but it just occurred to me the procedure I suggested might be better.

The CHAIRMAN: He wrote to me and said he thought there would be a steering committee meeting before we had any further meetings, but there was no need for that meeting of the steering committee. As I said a moment ago, the order of business had already been set out. There is nothing to prevent us from going ahead, since we cannot finish any of this business in one day. If we do not sit once or twice a week at least, we will never finish. Last week we were unable to have our second meeting. With all due deference to Mr. Fleming, there are other members of the committee who are here, so we can go ahead this morning. At the next meeting Mr. Fleming can carry on with what we have started this morning and we can recall Mr. Murchison. I do not imagine the matters which Mr. Murchison is bringing to the attention of the committee will stir up any discussion. We can have Mr. Murchison recalled at any time and go ahead with what Mr. Fleming had in mind.

Therefore, if the committee is agreeable we will call Mr. Murchison as our next witness. He is ready to answer questions concerning his report.

**Mr. Gordon Murchison, Director, Soldier Settlement Veterans' Land Act, recalled:**

Mr. BURTON: Would Mr. Murchison have a statement he would care to make?

The WITNESS: I have no statement to make in addition to the brief note I sent over to the chairman accompanied by the details of the disposition we have made of the Japanese lands we took over from the custodian. Mr. Fleming has that schedule for study and probably that is one reason why it has not been incorporated in your printed proceedings. I have brought with me another copy of that return. It is very lengthy. It runs to 48 pages of detailed material and it follows the order of the return filed by the representative of the custodian as to his identification of the various properties. We followed the same sequence and recorded the disposition which had been made of the properties which have been sold. We found it necessary to attach an appendix to it to explain some minor discrepancies which exist. There are about a dozen pieces where there are minor differences between the price recorded by the custodian and the sale price recorded by ourselves.

An instance of that is something like this: custodian file 123, the custodian listed the sale price there as \$2,054. Now, this particular transaction involved two separate pieces of property. The custodian was able to deliver title to only one. Therefore, our purchase price of \$1,600 reflects the purchase price of the land we got. It does not include the other lot to which he was unable to deliver title.

With those few explanatory notes you will find you can study the schedule or factual report as to what happened to the Japanese property when it was taken over. I do not think there is anything further I can add to that, Mr. Chairman, unless there are some questions which the committee wishes to ask me this morning. I will leave this additional copy with the clerk.

*By Mr. Burton:*

Q. That is a similar copy to the one you have already filed, it is not supplementary to it?—A. It is a duplicate of it.

The CHAIRMAN: Are there any other questions?

Mr. STEWART: I have no questions to ask Mr. Murchison. I think he has told us everything he knows. The fact remains that Mr. Murchison had a duty to buy that land at the best possible price for his department and I assume that was done. Unfortunately, it was done at the expense of Canadians of Japanese descent, but that is not his responsibility. That responsibility belongs to a different department of government altogether. So far as we are concerned, there are no more questions to ask of Mr. Murchison.

The CHAIRMAN: Since I assume Mr. Fleming desires to ask Mr. Murchison some questions, we will excuse him for to-day and ask him to return when Mr. Fleming is here.

Mr. STEWART: Mr. Chairman, might I ask what we are proceeding with to-day?

The CHAIRMAN: Dr. Coleman, Mr. Mathieu and Mr. Wright, the counsel for the department, are going to speak on the third item of our agenda as established by the steering committee in May: investigation of the Ottawa office of the custodian. I understand they have a brief statement ready and then they will be at our disposal for questioning.

Mr. BURTON: Is Dr. Coleman coming here to-day?

The CHAIRMAN: Yes. We did not know how long we would take with Mr. Murchison so Dr. Coleman was not called immediately, but he is waiting in the minister's office in this building now and he will be here in a few minutes.



Mr. STEWART: Did Mr. Wright file a return to a question I asked which had to do with a report on the libraries which had been seized?

The CHAIRMAN: It was filed at the last meeting. All the statements that have been asked for by members of the committee have been produced.

Mr. STEWART: I should like to ask Mr. Wright one or two questions in this regard.

The CHAIRMAN: I understand that some members would like to ask some questions of Mr. Wright concerning the report on the libraries of illegal organizations.

Mr. STEWART: Perhaps I can ask some questions of Mr. Wright on this matter. I realize that some of these matters are outside his jurisdiction, but I would like to get the facts clear. I am rather perturbed about the destruction of books. I do not care what sort of books they are. As I said before, the burning of books was carried on wholesale in Germany, and I see no reason why we should follow such an example. According to the evidence which has been given us there was a large volume of books in Winnipeg belonging to one John Navis. These books came into the possession of the custodian. Thereafter, if my memory serves me well, the Royal Canadian Mounted Police stepped into the picture. They took those books; they examined them; and they considered them—all of them—at least all that I can find trace of—to be subversive. Accordingly, those books were bundled up—they weighed altogether around 3,500 pounds—and all the books were sent to a paper company to be destroyed. The custodian got, I think, \$7.08 for these hundreds if not thousands of volumes. Afterwards, when the matter was investigated more carefully \$1,000 was paid, I think, on account of the destruction of those books; is that right, Mr. Wright?

Mr. K. W. WRIGHT (Counsel, Department of the Secretary of State): \$1,000 was the award, yes.

Mr. STEWART: \$1,000 was the award. And now, I am going to ask you a question. You have given me a return in connection with the books of any organization of a Nazi or Fascist nature—it is a full return—and there is only one item which I should like to comment upon, and that is the organization which is known as the Deutscher Bund for Canada, one of the leading Nazi organizations in this country. A number of books were in the possession of this organization when it was declared illegal, and the remarks in your return are as follows:—

In connection with sixteen of the books seized—see attached letter from the R.C.M. Police under date of June 6, 1947, which is self-explanatory. The balance of the books are in storage in care of the custodian's agent viz: The Western Trust Company, Winnipeg, Manitoba. As soon as the proper officers of this organization can be located the books will be handed over to them.

Now, I think it is reasonable to assume in logic that if all the books in the possession of the U.L.F.T.A. were subversive, the books in the possession of the Nazi organization would be subversive. It is logical that they are; it is the logic of events. I should like to know what books it is the intention of the custodian to hand over to those people who were the heads and directors of the Deutscher Bund for Canada? Would it be possible to give us a list of the books which you are going to return to the Nazi organization?

Mr. WRIGHT: It would not be possible to give you this list this morning.

Mr. STEWART: No, but in the course of time.

Mr. WRIGHT: The Western Trust Company have a number of books in their possession, and it will be easy to obtain a list from them and to furnish you with that list.

Mr. STEWART: I should be very glad if you would furnish me with that list because I am anxious to know what the Mounted Police conception of "subversive" is.

Mr. WRIGHT: You will recall that there is a letter from the R.C.M.P. under date of June 6, 1947, as to the disposition of certain books, and this letter says in part:

As such they constitute a valuable record, not only of the N.S.D.A.P. activities abroad but also of the organizations which existed in Canada and which prior to the outbreak of hostilities were active in furthering Nazi ambitions in this hemisphere.

For this reason it is considered desirable that the books remain in our custody.

That is as to the disposition of sixteen books, the R.C.M.P. will retain all those. They have retained two others that did not come into the hands of the custodian. The R.C.M.P. are charged with the selection; we are only responsible for those books which come into our possession; and our agents, the Western Trust Company of Winnipeg, have the remainder of the books of the organization which you have mentioned, and I shall be glad to furnish you with a list of those.

Mr. STEWART: A list of titles?

Mr. WRIGHT: Yes.

The CHAIRMAN: Do you mean to say that the books that were considered of a Communist nature have all been destroyed, while the books that were considered of a Nazi or Fascist nature were stored?

Mr. WRIGHT: The R.C.M.P. have taken possession.

The CHAIRMAN: And they are the ones who decide on that matter?

Mr. WRIGHT: Yes, they are the ones who decide.

The CHAIRMAN: They did the burning or the keeping?

Mr. WRIGHT: Yes.

Mr. STEWART: That is not the responsibility of the custodian at all?

The CHAIRMAN: Now, gentlemen, Dr. Coleman is here, and also Mr. Mathieu and, of course, Mr. Wright, and we will hear evidence in connection with the investigation of the Ottawa office of the custodian. I shall call Dr. Coleman.

Dr. E. H. COLEMAN (Under Secretary of State): Mr. Chairman and gentlemen, at an earlier meeting of this committee on the 29th of April, I gave a rather general and perhaps lengthy outline of the general work of the office. At that time I spoke—I might venture to say—of the appreciation which we had of the work of the staff the active day-to-day operations of the officers in charge, and of Mr. Mathieu, the assistant deputy custodian, who is here to-day. We hardly know what type of questions members of the committee would like to put, and it may be that some of the questions are matters which come peculiarly within my knowledge while others would come peculiarly within the knowledge of Mr. Mathieu; therefore, we are both available to answer alternatively to the best of our ability.

The CHAIRMAN: Would it be in order to have a statement from Mr. Mathieu? Have you any brief or any statement to make?

**A. H. Mathieu, Assistant Deputy Custodian, Department of Secretary of State, called:**

The WITNESS: Mr. Chairman, and gentlemen, I presume you have read the first part of the report we submitted to the minister which was first tabled in the House and then submitted to the committee. We endeavoured to give in that particular the outline of the set-up of the office, the work of the office under the present regulations, and the method employed in administering the property

which was placed under our control. The present office is really a continuation of the custodian's office which was set up by order in council in 1920. While there was practically a complete demobilization of staff in 1935. I remained in the office with counsel and two secretaries, and when this present trouble started in 1939 we endeavoured to reorganize the office to take care of the enemy property that might come under our control under the regulations. Unfortunately, when we started we did not anticipate having to deal with countries like France, Belgium and Holland; countries that are really friendly countries but which, because of their occupation by the enemy, made it necessary that all property in Canada standing in the names of individuals residing in those countries had to come under our control forcibly, more as a protective measure. From then on we endeavoured to administer such properties in what we call in French "*en bon pere de famille*"—in an orderly manner—and endeavoured to benefit these accounts that remained. You will realize, of course, that a large volume of property came under the custodian's control very rapidly; that no sooner was one country organized than we had to deal with one or two others which came in in rapid succession. We felt it would be advisable in the case of investment accounts to leave them in the hands of the banks—the chartered banks and trust companies—under our control; and from then on the accounts were administered by these banks under our direct control. No disbursements were made, and no changes in the investments were made without the matter being brought to the custodian's attention. We had several cases which created a certain amount of doubt. For instance, we had calls from bank managers who had received telegrams from overseas, particularly from neutral countries, asking for transfers or remittances of funds. We felt we had to screen these requests very thoroughly in case the individual owner had been forced to make the request or had been robbed of his documents, and that the request was being made by enemies.

We had one glaring case where a bank manager in Montreal phoned me. He said, "I have received a telegram from Portugal signed by a man we know and we know the family very well—in fact, I visited him a few years ago, but I am a bit doubtful, and I am wondering how this man managed to get out of France and reach Portugal." He did not know what to do. I said, "If you are satisfied that you are dealing with the customer the custodian would not object to giving him a remittance." He claimed he wanted money to come to Canada. We had to take all the precautions necessary. In sending his reply the bank manager added one sentence to his telegram; he merely asked, "How is your mother?" The reply came back that he was complying with the instructions received and he said that his mother was very well indeed. Now, the bank manager knew that his mother had died ten years ago. As a result of that that man did not get any money and the account remained under our control. We had many instances of that kind. Then, in the countries that were liberated, as they were liberated, we had to go into the matter of releasing the particular property and from that time on we started our releasing operations. There had to be special agreements with the governments concerned because of the restrictions imposed by those governments and also due to the foreign exchange requirements. Up to date we only have one of those agreements in force, that is the one with France. It has been in force since March 22, 1946, and after a year and a half of application apparently we find it is not working to the satisfaction of both sides. We are now endeavouring to amend certain clauses in order to facilitate rapid releases so that the governments concerned may, in their ordinary course of transactions, receive the benefits of the dollars concerned. Agreements with other countries are still pending. They have not been fully approved and we are waiting until all the discussions have taken place and approvals are given before we start releasing property. However, we are considering the individual releases in necessitous circumstances and in urgent cases, providing they supply us with the necessary information, statutory declarations and certi-



fications of the government of their country establishing proof, beyond any doubt, that there is no enemy interest involved. If that is satisfactory we then proceed to release the individual cases even though the agreements with that country have not been completed. We have a duty of course to return this property to the original owner and to him only, and that is what we are endeavouring to do. The figures given are of the date when this report was made at the end of 1946. I think you also know in that report there are audited statements during the operation of our office. Of course we not only had the administration and control of property, but we also had certain factors for which we were responsible under the regulations such as commercial censorship, prohibited mailing lists, Canadian lists of specified persons, of black and suspect lists, and we had a special section dealing with that matter. There was a special committee called the black-list committee, on which I assisted, that governed the operation of that section of our work. There are several other factors that do not come to my mind at the moment.

*By Mr. Stewart:*

Q. May I ask a question here?—A. Yes.

Q. What happens in a case such as this. You have taken over funds in this country of a person who is friendly to our cause but who resides in a country that has been overrun by the enemy. That property remains intact but what do you do with the interest on that?—A. It depends on the nature of the property.

Q. Take for instance the case of bonds?—A. The interest would be credited to the account.

Q. How were the expenses of the custodian's office paid out of the moneys?—A. The expenses were paid out of the investments made by the custodian of amounts representing non-interest bearing funds such as commercial debts which are not strictly interest bearing items.

Q. What was the authority for such expenditures? As I see it the custodian is holding these properties in trust. Now what authority would there be to disburse such moneys?—A. Property vested in the custodian was owned by the Crown through the custodian so that the money paid into the custodian's office was not then the property of the original owner.

Q. So there had to be no application to parliament for disbursements to pay for salaries, wages, or anything else?—A. That was all taken care of. It was decided in 1920, and we continued the practice that all such funds were to be held separate from public funds.

Q. In my original hypothesis what would happen if it was cash instead of bonds?—A. It would depend upon the nature of the cash.

Q. Bank deposits.—A. A current bank deposit is non-interest bearing. Under the regulations all moneys that were not strictly investment funds were returnable to the custodian. As a matter of fact had we taken over all investment funds, that would have required a tremendous organization in Ottawa and it was decided to operate them through banks where they were found who were responsible to the government. All bank balances or those amounts which were paid into the custodian as non-interest bearing items were invested. The funds collected through that source were dealt with in that way because the custodian had authority to invest them subject to the approval of the treasury board. We obtained a general order from that board to invest in government bonds as the Victory loans were issued. The interest on those investments was credited to administration account in order to provide funds, not only for the cost of the office and salaries and those things, but also to provide for any eventualities that we might be faced with under treaty conditions. For instance, the treaties might provide interest on debts and until that is decided by the treaties, and ratified by parliament, we merely credit interest earned to administration account. So that if, eventually, under the treaties, or other reasons, we have

to allow certain rates of interest on these non-interest bearing amounts, we will have sufficient funds without having to go to parliament for a vote. That is the principle we have worked on since the very beginning with respect to the administration of foreign property which we feel, should not be a charge on the Canadian taxpayer, as those funds should bear their own portion of the administration and cost. After the first war, we were able, through investments, after completing all conditions of the treaties, to return a surplus to the treasury to apply on the war account of over \$13,000,000. That surplus was turned over to the treasury. The intention this time is practically the same, so that any surplus earnings or any surplus funds after paying all obligations and expenses may be returned to the treasury to apply on the war account.

*By Mr. Boucher:*

Q. I take it if they had any interest bearing investment left in the account of a resident of an occupied country it would not be charged anything for administration at all?—A. Yes, when the release is completed we have authority under section 44 of the regulations to make a charge of up to 2 per cent.

Q. If it was in a bank account the custodian could have it as invested capital but the owner gets no return on that at all?—A. That may be provided for later on by agreement or treaty.

Q. Then one other question. You gave us an illustration where an application was made by telegram to a bank for money belonging to a resident of an occupied country who escaped to a neutral country. Have you had any difficulties of ever having paid anything to a person in the mistaken belief that it was the owner?—A. We have not met that situation. We have endeavoured to guard against that.

Q. You have not had any difficulty in that regard at all?—A. No.

Mr. BURTON: Just before the witness leaves that, I can appreciate the statement that the witness made. It was the intention of the custodian's office that, as far as possible, the administration of that department and those properties would not be a burden on the Canadian taxpayer, and I might say I appreciate that fact and I believe it is good business on their part, but what I was wondering was on what basis did you see that the various forms of property carried their fair share of the expenses of administration? It strikes me rather peculiar that the person who happened to have his money invested in bonds gets his interest through the regulations, whereas the person not having his money invested in that form will have the money used, but the returns from the money used, the earning power of that money used, helps pay for the administration. I was just wondering if you could enlighten us a little further?—A. Yes. We carry individual accounts in every case no matter what type of property or what country we are dealing with. We have an individual account for each case and in them we credit revenues and we make disbursements so that the cost of operating that account or any disbursements is reflected and is always set up in the individual account.

Q. That is in so far as the actual operating of that account is concerned?—A. Yes.

Q. But in the over-all picture how did you endeavour to have a certain amount of equity between the bearing of the overhead?—A. You have to take note of the two types of property, what we call belligerent enemy property and non-belligerent property. A non-belligerent property is the property of a person living in a liberated country. Up to the point of application for release we have charged the account with all disbursements and normal expenses and we have also credited to that account all ordinary revenues if there are any. When we release the account, provided the information has been found satisfactory, we then charge an over-all administration fee of 2 per cent of the total value on the date of release.

Dr. COLEMAN: Not exceeding 2 per cent?

The WITNESS: Not exceeding 2 per cent.

Mr. BOUCHER: 2 per cent per annum?

The WITNESS: No, 2 per cent of the total value on the date of release. In so far as belligerent enemy property is concerned the treaties will provide for the charges to be made. There is not very much I can add by way of a summary, I have covered pretty well, I think, the operation of the office, except down to the point where you have seen statements of the total value of the assets. There are certain types of assets taken under our control such as the gold of governments of liberated countries. That was not actually taken in by us, but remained with the Bank of Canada under our control. When the governments were reinstated that gold was returned to them in all cases, but we retained the individual property.

Then we come to the method of audits.

Mr. WARREN: Mr. Chairman, the witness named a sum that was returned to the treasury board, was it \$13,000,000 or \$30,000,000?

The WITNESS: \$13,500,000 that was the result of the first war's operations.

*By Mr. Stewart:*

Q. That was clear of any potential liability?—A. Yes. Now the method of the audit for the custodian's office requires that I recite the procedure when the office first started. When we opened up in 1920, the first part of 1920, there were no funds available. The consolidated regulations of the 1914-18 period did not obligate the custodian to collect moneys, they were merely reported to the then custodian but not collected. The authority given to the custodian was in the Treaty of Peace orders of 1920. Those orders were ratified, I believe, in January of 1920, setting up the office as of April 1 and giving a period of three months, if my memory serves me right, in which to call in all funds due, such as enemy owned commercial debts, bank balances, securities and others. Until that we had no funds available to pay expenses of the office. The expenses were carried in the war appropriation's account under the department of the Secretary of State. During the latter part of 1920-21 we had succeeded in collecting sufficient money. After a meeting with the under-secretary of state and the deputy custodian, the deputy minister of justice, the deputy minister of finance and the Auditor General, it was decided and concurred in by all that the funds being received and held by the custodian under Treaty of Peace orders were not to go into consolidated funds but were to be held by him as trust funds. The surplus after carrying out the obligations of the treaties was turned over to the treasury. During that period an audit of the funds in our office was carried on through the usual method and audit expenses were paid out of the war appropriation account. After we had succeeded in getting sufficient funds it was decided that the war departmental war appropriation account would be reimbursed for all expenses up to that date. We did that and from then on the Auditor General had nothing further to audit because the funds we had were not considered public funds. It was then decided to appoint a firm of outside auditors, independent auditors, and the first auditors were Messrs. Edwards, Morgan and Co., of Toronto, who audited the accounts for the period from April 1, 1920 to February 29, 1924. They rendered their audit statements and reports to the then secretary of state who was the official custodian. This method continued until December 31, 1926, when they were superseded by the audit board on the authority of a recommendation approved by the treasury board.

Q. Why did that happen?—A. In 1926, the latter part of 1926.

Q. Why?—A. Oh, why? It was decided because the audit board had the necessary machinery to carry on independent audits such as the Auditor General is now doing for the special corporations. It was so decided rather than to pay



or engage outside firms because they had sufficient materials to carry on an audit, and the audit was so carried on from that time.

Q. Can you tell us why the audit board was instructed to make a complete audit from the 1st of April, 1920 onwards in view of the fact another auditor had already done the work.—A. Well it is usual, when a new auditor starts in, for him to go over the work and establish the figures he is taking over.

Q. I think I might take issue with you on that. It is not usual to do a complete audit. All the work has been done and the new auditor would just get the previous working papers and examine them.—A. Perhaps it was because of the very complicated nature of the work, and, in order to properly set up their accounts, they had to make a review of all the previous work. They could not very well take the last statement from the previous auditors and carry on from there.

Q. I asked that question because it says here "The audit board were instructed to make a complete audit of all transactions" and I would assume that as Edwards and Morgan would have done the same it would be scarcely necessary to go over the same ground. It is water under the bridge really but I wondered if there was any special reason?—A. I do not think there was any special reason but I would have to go through the old records. I do not recall anything. Do you recall anything Dr. Coleman?

Dr. COLEMAN: I was not in the public service at that time.

The WITNESS: I do not think there was anything special.

Dr. COLEMAN: May I intervene to help clean up the point? I think the audit board employed some outside auditors did they not?

The WITNESS: Yes, the audit board was composed of outside auditors. Men were picked from each of these firms to carry on the work of the custodian. The same thing was done when the audit board completed its work. When it was decided then to go back to the practice of engaging outside firms. The firm of Price Waterhouse, made a review of the past audits from the very beginning in order to set up their method.

I might say here there was no precedent established for this kind of work. It is rather unusual. It would not be fair to an audit firm to expect them to just accept the previous statements without any background. In order to make an intelligent audit it was necessary for them to go over the previous work to get all the details fully in their own mind in order to establish their system because it is a very unusual type of work.

Are you satisfied on that question ?

*By Mr. Stewart:*

Q. Yes, but once you get on a little further you will find that Price Waterhouse took over the assets on the 31st of March, 1928. According to your statements they had to go back some years, too, and double up on the audit?—A. Yes, they actually spent three months in reviewing past audits in order to acquaint themselves with the material.

*By Mr. Probe:*

Q. Had not that a tendency to juggle the audit?—A. No, it was really necessary because of the complicated nature of the work.

*By Mr. Gladstone:*

Q. That would not be a review of the figures so much as a review of the other factors?—A. More in the nature of a review of the nature of the work because the accounts had been balanced at every audit year.

The audit board was abolished in 1930 and we then had to go back to the system of appointing an outside firm. Due to the international nature of the

accounts, it was decided to appoint a firm which had branch connections throughout the world. It was decided that Price Waterhouse, at that period, was the most likely firm to have those connections to carry on this work. They were appointed by order in council P.C. 1951, dated August 13, 1930. They began their audit work immediately. Their statement carries details from the 31st of March, 1928, that is the period I think of the last report of the audit board, and from then on they have carried on the work up until the present time. They are now completing the work for 1946 and we expect to have their report before the end of July.

*By Mr. Stewart:*

Q. They are still the auditors?—A. They are still the auditors under that order in council because that order in council has never been rescinded. They are still carrying on.

Q. Do you see any reason why the Auditor General could not take over that work?

Dr. COLEMAN: May I answer that question? It has been decided that, beginning with the 1st of January, 1947, the accounts will be audited by the Auditor General. Price Waterhouse are completing 1946. The Auditor General has now, as a result of the war, a much more comprehensive organization than he had prior to the war. He has been taking over the work of auditing the accounts of other departments, as the members of the committee know.

Mr. BURTON: Will this mean that the Auditor-General will have to go back over these accounts again?

Dr. COLEMAN: I would not think so, but that will depend upon the view taken by the Auditor General when he comes in.

Mr. BOUCHER: It is a fact that when an auditor takes over, he goes back over the accounts to satisfy himself as to their condition prior to his taking over?

Dr. COLEMAN: Yes, but the Auditor General will not be responsible for anything happening before January 1, 1947.

The WITNESS: This is not the same type of auditing as an audit firm will meet in ordinary business. This is altogether new and it is most necessary to go over the previous ground to fully grasp the background of the whole thing.

Besides the usual audit by an outside firm, I explained in my report the set-up of the office and, particularly, the system we have adopted in order to carry on an internal check and audit. No disbursements are made that have not been pre-audited. If I may read some of my report I think it will fully explain the procedure.

Due to the diversified nature of the assets under control, which may be compared with one of the larger trust companies in Canada, we had to adopt a more or less flexible system to take care of all the different types of accounts. This is covered by a running internal audit and checking system and backed by a yearly audit by an outside firm of chartered accountants. Of course, they go over the ground yearly as an outside firm.

*By Mr. Stewart:*

Q. Could you suggest what fee was paid to these auditing companies for the work they did?—A. I have not got the figures with me.

Q. Perhaps you could tell us later?—A. The accounting division is composed of eleven sections, each with its component part and the whole converges into a general control system of internal audit and checking. The general controls are then merged into the master control division which is the ultimate internal audit of balances in all sections of the accounting division.

For instance, a man may have real estate; he may have securities; he may have bank balances or other interests, a diversified list of investments. This

would go through the various sections of the accounting division and, in order to get that man's account established and to cover all the assets he may own in Canada, we have installed the master control division. Everything converges into that section. We can always tell the total amount up to date which a man owns in Canada and to which he is entitled.

Shortly after the set-up of the system it was realized it would be next to impossible to transfer to Ottawa all the investment portfolios, estate and real estate accounts. It was decided to leave those where they were found in banks, financial institutions, trust companies and responsible real estate agencies, etc., who continued the administration of such accounts under the control and direction of the custodian's office. We have complete control of the transactions which may be required.

The banks and financial institutions report once a month to the custodian and those reports reflect the receipts, disbursements and other changes effected during the preceding months. Those changes are, in turn, incorporated in the individual accounts in the accounting division here.

In the case of trust companies and other agencies it was found advisable to accept the reporting system in force in such agencies and, in those cases, statements are rendered every six months in the case of trust companies and periodically for others, as the case may be.

*By Mr. Stewart:*

Q. I wonder if you would care to explain that statement, please? "It was found advisable to accept the reporting system in force"?—A. Banks are equipped, of course, to render monthly statements to their customers. They carried on the same system with us. It did not mean a change-over in their system which might have been very cumbersome and embarrassing. The trust companies, as you know, do not report every month. Some of them report every three months; some report every six months and others, as the case may be.

In order to establish a definite method which would permit us to keep good control over the transactions that might occur we decided, in all cases, that they should report every six months. This would permit us at least six months to record all the items and balance up the work for the year.

In the case of real estate operators and agencies, we had to employ those agencies because they had full knowledge of the property they were administering, we made them carry on under our control. They usually report every month or for any transaction in between, because they have to submit it to us before they take any steps.

*By Mr. Denis:*

Q. Do they segregate those funds into any special accounts?—A. They are all credited to the individual owner's account. An accurate balancing of the accounts can be made only every six months because we have to wait until the reports come in and are recorded in the individual accounts. All disbursements are carefully checked, certified and pre-audited and approved by either the deputy custodian or myself. In most cases of released property the deputy custodian and myself both sign after the item has been certified and passed by the legal section who have examined the declaration and evidence produced to prove the applicant's ownership.

*By Mr. Stewart:*

Q. In the case of cash disbursements, do you authorize them before the disbursements are made?—A. It is all checked and certified before the cheque is actually issued.

Q. From where are the cheques issued? Are they issued from a central point?—A. All from this office, the custodian's office. There are two signing



officers with substitutes in case of necessity. All cheques bear two signatures and they are covered by a requisition which has been signed by three officers. One is the officer requisitioning the cheque; the other is a certification by the internal auditor and then, myself, usually or my substitute when I am not in the office, approving the issuing of the cheque.

Owing to the very large volume of work involved it takes almost four months after the close of the year to receive all statements from depositaries and agencies and then to record, check and balance the accounts. When these are ready the auditors are notified and usually they send qualified men with a supervisor.

Q. May I ask a question at this point? You use the word, "usually" which would suggest they do not always send qualified men?—A. They do.

Q. The word, "usually", is not necessary in that case?—A. Of course, this report was not intended as a report to be submitted to a parliamentary committee. This was a report to the incoming minister to give him an idea of the work of the office.

I might interject a remark here to illustrate the volume of the work. I think it would be a safe statement to make to say that due to the total assets and the diversification of the work, it would take at least three of our largest trust companies to cover the figure we have administered since the beginning.

When these are ready the auditors are notified and usually they send qualified men with a supervisor. They carry on the general work of auditing for the previous year. They use the calendar year.

The auditing usually lasts from two to three months, depending on the number of items to check and the receipt by the auditors of the verification certificates requested from the various depositaries. The auditors send out a form letter of request and receive the certifications from the various depositaries in due course. Some are slow and some come in very rapidly. The auditors cannot complete their report until all have been received by them.

I think that covers the whole of the system employed in the office covering the audit as well as the operation of the office.

Q. You seem to have a very good system?—A. The system has been, of course, set up with the help of public accountants. We have a chartered accountant, he is not a C.A., but he is a qualified accountant in charge as controller of the accounting division. Then, we have technical men as heads of each division. We had to have specialists in banking matters, in security matters, in brokerage transactions and so on. We have, I believe, a very good staff of qualified technical men in each of our branches.

I do not think there is very much more I can add. If there are any questions the committee desires to ask, I will try to answer them if I can. If I cannot, we will have to go back and get specific information on any specific cases which may be brought up.

The CHAIRMAN: Are there any questions, gentlemen?

*By Mr. Stewart:*

Q. Would the witness look at page 23, the bottom of that page. The heading is "Restitution":

Steps are now being taken to segregate claims for restitution of identifiable property from claims which are in the nature of reparation claims for damage or loss suffered. It is felt that claims for restitution, by their very nature, should receive immediate attention. Such claims will be pursued by the Department of External Affairs through regular diplomatic channels.

Will the witness please enlarge a little on that statement?—A. The claims section of our work is another branch of the work which the custodian handles.

We have a register in which all possible claims against enemies are registered. There are various types of claims. There is no definite policy yet established and no policy is possible until the ratification of the treaties. Therefore, the custodian is charged with the duty of recording whatever claims are submitted voluntarily.

Q. May I interrupt here? Let us take another case of a Canadian who is working for a British company in Shanghai. He has his home, chattels and everything else there. The Japanese occupy his house and take over everything. He has come back to Canada after being released from a concentration camp. He has a claim to make against the Japanese. Would his claim be made through your department?—A. He would file his claim with us. We would place it on record until such time as a definite policy is established dealing with that. We may not be able to deal with it ourselves. It may be dealt with through some other method, depending upon whatever policy is established. Meanwhile, if he had properties that could be restituted, of course, that would be handled by the Department of External Affairs who are directly responsible for the foreign missions we have sent to those countries. Any person having such a claim would file his claim. It would be recorded on our register and also submitted to the External Affairs Department who would send the information to the mission who would investigate it and, in due course, report.

Q. How do individuals know to lodge claims with you? Did you advertise or do anything of that nature?—A. We have not advertised as yet for domestic claims for loss or damage. The Department of External Affairs has advertised for restitution claims and they are being recorded both in the External Affairs Department and in our department.

Dr. COLEMAN: If the chairman will permit me, may I say that this very morning I received a letter containing a claim from a citizen of Canada. He claimed he had inherited some property in Germany and that this property consisted, I think, of an apartment house which he alleged had been destroyed. He has not been there, so he does not know. When that claim came in, we referred it to the Department of External Affairs. In due course, this department will send it to the Canadian mission in Germany headed by General Pope.

The first step which will be taken will be to have one of the officers of that commission go to see if the property is there; if it is damaged and if so to what extent. If it is standing there untouched, such measures will be taken as are practical to put the Canadian in possession of this property. If, on the other hand, it has been destroyed it may be a question for reparations which is still very largely in the air. As we all know, there has been no treaty with Germany; there has been no government in Germany. Whether the German government, if as and when it is set up will become responsible is a question which will have to await the termination of the very cloudy situation presently existing.

There is an inter-departmental committee on reparations on which the custodian is represented together with a large number of other departmental officers from the Department of External Affairs, Trade and Commerce, Justice, Reconstruction and Finance. They are making reports to the government in relation to a policy, either of advertising and then setting up some agency or tribunal to sift claims or by some other method.

I need hardly suggest that it is doubtful whether many of these claims which have been presented can be regarded as proper claims to be submitted by the Canadian authorities. There are claims by unfortunate people classified as refugees who came to Canada after the war. It is a question how far the Canadian government, in due course, may feel disposed to go. Under the present regulations for the custodian, regulation 45, the custodian has the duty on him of recording the claim but the recording in no way commits the government to doing anything. It will require a great deal of sifting. Speaking quite frankly, and in the presence of Mr. Mathieu, I know he and I hope that



the established agency which may be set up will not be connected with us. I assume there will have to be some sort of agency employed first, in accumulating the claims and then in sifting out and recommending what can be done.

*By Mr. Probe:*

Q. Does the Canadian government accept the onus for restoring the property which is in existence to a Canadian citizen who can prove his claim to that property?—A. I do not quite follow that question.

Q. Let us put it this way. Mr. Stewart mentioned a farm or apartment house, but assume it was a farm which would not be destroyed. This was expropriated by a foreign government which was at war and this farm belonged to a Canadian national. Does the Canadian national automatically receive the protection of this government to re-establish his ownership to a farm expropriated? I am using the illustration of a farm because it would not likely be destroyed, but it would apply to any property that is not destroyed and is still in existence?—A. I would say the government would be responsible to give him all the help necessary to repossess his property. If it cannot be done, of course, he would be entitled to file a claim for compensation for any loss he suffered. This would go through the usual method to be employed. Probably he would have a basis for a reparation claim.

Q. But the reparations claims, in my view, are not going to be very—A. I do not think it would be the responsibility of the government to refund him any loss he has incurred.

Q. I am not thinking of that, I am thinking of property that is still in existence?

Dr. COLEMAN: That, as I have tried to explain, is a matter which, at the moment is being handled by the Department of External Affairs. If there is property, say in Germany, which is there and which can be identified as the property of a Canadian, our mission headed by General Pope in Berlin will naturally take every step possible to see that the man is restored to the ownership of his property. Until there is something in the nature of a definite peace treaty with Germany, there is no German government to whom one can go. The country is under military occupation and is divided into three or four zones. There are certain areas in which there is difficulty in securing definite information.

Mr. BOUCHER: Would it not be fair to say that the government does not act as a guarantor, but only lends its assistance?

Dr. COLEMAN: I would think so.

The WITNESS: That is all we can do at the present time.

Mr. STEWART: There is one specific item of information with which, perhaps, we can be furnished at a later date. I do not suppose you have it now. Could the witness tell us if the custodian received any royalties payable on the manufacture of the Bren gun after the outbreak of the war?

Dr. COLEMAN: I can answer that definitely, Mr. Stewart, because we have not received any. I took the matter up with the Department of Munitions and Supplies and I was assured no royalties whatever were paid. I have a letter on that from the deputy minister of Reconstruction and Supply and you can look over the records. The question was asked in the House of Commons. I knew we had not received any, but I thought it wise to ascertain from the munitions people if anything had been paid. I also looked up the report of the royal commission in 1938, presided over by the late Mr. Justice Davis, which dealt with the original contract.

I think you will find a paragraph there to the effect that any royalty agreements which were made were made by the war office of the government of the United Kingdom with whoever may have owned the patents relating



to that. I have a letter from the deputy minister of Reconstruction and Supply that no royalties whatever were paid by anyone in Canada who manufactured the Bren gun during the recent war.

Mr. STEWART: Either to Skoda or the British war office?

Dr. COLEMAN: If there is anything it is simply in the war office.

Mr. STEWART: If there were any to the war office, could they be ascertained by this committee or is it outside your jurisdiction?

Dr. COLEMAN: We could ask the Department of External Affairs to have the High Commissioner make enquiries. I will be very glad to submit the request.

Q. You will file that letter will you, please?

Dr. COLEMAN: I will get the letter.

*By Mr. Stewart:*

Q. On page 5 of the report it states,

The German assets under control in Canada at the present time amount to approximately \$11,000,000.

What shape would these assets take? Are they property or are they moneys?—  
A. A variety, a very diversified list of assets. There would be very little securities taken over in this war. Of course a change took place in Germany from 1933 on because the export of capital from Germany was prohibited, and we have found very little of actual securities in Canada, or other assets of that nature belonging to Germans, probably because of that factor. We may discover during the course of investigations that are still being carried on that property is held here with German interests, but so far we have only a report of approximately \$11,000,000. That would cover real estate in some cases, commercial accounts, bank balances, and securities. We have one operating company at present. We have also liquidated certain agencies, such as the shipping agencies and so on. There is a very diversified list.

Mr. STEWART: Have you any idea how much was paid the custodian as royalties for patents which were held by enemy nationals?

The WITNESS: We have a statement here but we have not got the breakdown of the assets under countries. We have listed the assets under countries but just in the total form.

Dr. COLEMAN: We could get that.

Mr. STEWART: The answer may be given later.

Dr. COLEMAN: I had it out two years ago for one of the members of the House of Commons, not a member of this committee, but the member for North Centre Winnipeg, and I think it could be easily brought up to date.

Mr. STEWART: I should be glad to see that.

Dr. COLEMAN: Oh, I have it here. There was one payment in respect of an Austrian patent of \$1,931.02. Italy, two payments amounting to \$55,000; and Germany, \$71,000.

Mr. STEWART: That money is being held by you?

Dr. COLEMAN: Subject to the Treaty of Peace.

I realize that you are interested in I. G. Farben. There is one royalty of \$473.62; another of \$2,628.33; another of \$761.44; another \$2,320.27; and another \$1,912.93. The largest item is not I. G. Farben but another company and it represents \$31,000.

Mr. STEWART: A German company?

Dr. COLEMAN: A German company.

Mr. STEWART: Have you the name of that company?

Dr. COLEMAN: Kalle and company.

Mr. STEWART: Can you tell us what the total amount lying at the credit of I. G. Farben in your account is?

Dr. COLEMAN: Well I would think it would be this total but we would have to check that. It would be about \$8,000 roughly but we will get it definitely.

Mr. STEWART: Can you give us any indication of what the \$55,000 of Italy was, and who it was paid to, or who it was credited to?

Dr. COLEMAN: Montecantini Company, Soc. Gen. per l'Industria, Mineraria and Chemica.

That is very poor reading in Italian.

Mr. STEWART: It is Italian which I understand.

Dr. COLEMAN: That amounts to \$33,753.10 and the other one of the Soc. Gen. per l'Industria amounts to \$21,881.66.

Mr. BURTON: Mr. Chairman, is this a royalty that the custodian's office has collected and which he is holding in trust?

Dr. COLEMAN: Yes.

Mr. BURTON: And what becomes of the patent if the patent has not expired at the time the Treaty of Peace takes place? Is that something that has to be dealt with?

Dr. COLEMAN: There was a special patent treaty agreement which was entered into in London last July, whereby all enemy patents which were not licensed at the 31st of July, in effect, fell into the public domain.

Mr. BURTON: They all go to the public.

Dr. COLEMAN: They fall into the public domain, in essence. That was an agreement which was signed by me on behalf of Canada in so far as the Final Act is concerned, subject to ratification, by the government, which ratification was given before the stipulated time, in December 1946. I may state that the countries which were parties to it are Great Britain, the United States, France, Belgium, Germany, Holland, Luxembourg, Denmark, South Africa, Australia and Czechoslovakia.

Mr. BOUCHER: Norway, Sweden and Denmark?

Dr. COLEMAN: Not Sweden.

Mr. BURTON: In the meantime you have been collecting and holding the money in trust?

Dr. COLEMAN: Yes, royalties received under existing contracts or contracts which existed before the war.

Mr. BURTON: I was just wondering, Mr. Chairman, if Dr. Coleman could give us the comparison about the taking care of that property as compared to the case of some poor homesteader out in the bush who foolishly joined an organization that later on was declared illegal. The man may then have been put in a concentration camp and his stock and property confiscated or disposed of, and later on he was turned out of the concentration camp and was not in a position to go on as he otherwise would have been. I wonder if Dr. Coleman could give us the comparison of the handling of these patents on the one hand and the homesteader on the other hand.

Dr. COLEMAN: In 1939 when the regulations were made every Canadian who owed a debt to an enemy was required to report it and to pay it into the custodian. That is how we collected these amounts. In relation to the other matter I may state to the committee that on the outbreak of the war, the government, on the advice of the minister who had charge of security, interned certain individuals. No provision was made for looking after their property and at a subsequent date we were charged with that responsibility and did the best we could. I may

further state also for this committee, at the outbreak of war, among other responsibilities, I had the heavy one of dealing with internment operations from a civilian aspect. I had nothing to do with putting people in or letting them out, but only with the set-up of the camps. Early in September 1939, after a considerable number of persons had been interned, the then director of internment operations, General Panet, came to me and I pointed out that men, wage earners and the like, had been interned and their families in some cases were left without adequate means of support. On that occasion I went first to the Minister of Justice of the day, who also happened to be at that period my minister, the acting Secretary of State. I put the problem before him and pointed out that, with the war hysteria, there was a danger that these women and children and dependents would be going without nourishment and food. Under his instructions I went to the Minister of Labour of the day, Mr. McLarty, who notified all the provincial relief authorities. At that time the unemployment relief organization was still going and was administered by provincial authorities. In my presence, Mr. McLarty telegraphed every one of the provincial authorities supplying relief, directing that the same appropriations, the same amounts as received by families of unemployed persons, should be made available to these dependents at the expense of the Dominion of Canada. During the entire period of the war, while this condition lasted, there was an annual appropriation of parliament in the estimates of the Department of Labour for that purpose. Now, as you say, there were other cases where men were taken off remote farms. In some cases the neighbours purported to look after the stock, but it was obviously impossible for any agency of government to prevent casual pilfering and mismanagement although every effort was made to do so.

Mr. STEWART: Mr. Chairman, our quorum seems to have suddenly dwindled but I would like to say now that Dr. Coleman, Mr. Mathieu and Mr. Wright in giving us their answers, have been very frank. I would like to say thanks to them. These thanks must not be considered as approval of the policy they carried out however.

The CHAIRMAN: Thank you Mr. Stewart, and now we will adjourn at the call of the chair. There will be a steering committee meeting tomorrow at an hour to be arranged.

The meeting adjourned at 12.45 p.m. to meet again at the call of the chair.







*Canada Public Accounts, Standing Committee on, 1947*

(SESSION 1947  
HOUSE OF COMMONS)

Government  
Publications

(STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 15

THURSDAY, JUNE 26, 1947

## WITNESSES:

Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act;

Mr. K. W. Wright, Counsel to the Custodian of Enemy Property.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947





## MINUTES OF PROCEEDINGS AND EVIDENCE

THURSDAY, June 26, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Burton, Coté (*Verdun*), Fleming, Fraser, Gladstone, Golding, Hamel, Homuth, Isnor, Jackman, Jaenicke, Kirk, Macdonnell, Picard, Probe, Warren, Winkler..

*In attendance:* Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act; Mr. K. W. Wright, Counsel to the Custodian of Enemy Property.

The Chairman presented the Fourth Report of the Steering Committee, viz.:

Your Steering Committee met to-day and recommends:

1. That to-day's meeting be devoted to (a) questioning of Mr. Murchison respecting the resale of lands formerly owned by persons of the Japanese race, and (b) further questioning of Dr. Coleman and Mr. Mathieu respecting the administration of the Custodian.

2. That the Auditor General, Mr. Watson Sellar, be called for the next meeting and, following his evidence, Messrs. Murchison and William Cleave be heard during the coming week concerning the operations of the Veterans' Land Act in the Township of Sarnia, in the County of Lambton, Ontario.

On motion of Mr. Homuth:

*Resolved*,—That the Fourth Report of the Steering Committee be concurred in.

The Chairman reported that the following documents, promised by the Deputy Custodian at the last meeting, had been received:

copies of correspondence exchanged between the Deputy Custodian and the Deputy Minister of Reconstruction respecting royalties paid on Bren guns;

inventory of books of the Deutscher Bund Kanada held in storage by the agents of the Custodian, The Western Trust Company, Winnipeg, and

statement of royalties received by the Custodian for the account of I. G. Farbenindustries.

Mr. Murchison was recalled.

On motion of Mr. Fleming:

*Ordered*,—That the schedule showing details respecting the resale of lands formerly owned by persons of the Japanese race, submitted by Mr. Murchison and filed on June 17, be printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Questioning of Mr. Murchison was resumed.

Mr. Wright was recalled and questioned.

Mr. Murchison filed a supplementary statement to the schedule respecting the resale of Japanese lands, which, on motion of Mr. Fleming, is printed as *Appendix "B"* to this day's minutes of proceedings and evidence.

It was agreed that Dr. Coleman and Mr. Mathieu be called for the next meeting, and that Mr. Sellar be heard at the meeting next following the conclusion of their evidence.

Mr. Murchison retired.

At 1 o'clock p.m. the Committee adjourned until Friday, June 27, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 26, 1947.

The Standing Committee on Public Accounts met this day at 11.30 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, we have a quorum, may I call the meeting to order.

We have before us three returns that have been filed by Mr. Wright, one concerning the Bren gun, in answer to a question by Mr. Stewart; one in connection with I G Farbenindustry, also in answer to a question by Mr. Stewart; and one concerning the list of books seized which were in the hands of the Deutscherbund-Kanada.

Mr. HOMUTH: You do pretty well on that "Deutscherbund".

The CHAIRMAN: Yes? Thank you. The only statement that remains to be filed concerns the details of payments of auditors and that will be ready to-morrow, it is quite lengthy.

Before this meeting opened there was a meeting of the steering committee. (See minutes of proceedings.)

Now gentlemen, we have with us Mr. Murchison.

Mr. FLEMING: Are you going to deal with the report of the steering committee, or the recommendation of the steering committee?

The CHAIRMAN: Does the report of the steering committee meet with the approval of the committee?

Mr. HOMUTH: I so move.

The CHAIRMAN: Moved by Mr. Homuth that the report of the steering committee meeting this morning be approved.

Carried.

### **Gordon B. Murchison, Director of The Soldiers' Settlement Board and Veterans' Land Act, called:**

The CHAIRMAN: Are there any questions, of Mr. Murchison?

Mr. FLEMING: Before I put any questions, there is one matter that I would like to mention first, on a question of privilege. I have the minutes of the evidence taken at the meeting on Tuesday last, at which I was not present. With my friend, the vice-chairman of this committee, I was sojourning in Halifax. I notice there was some discussion at the opening of the meeting about the printing of a lengthy table which Mr. Murchison has submitted to the committee. I find that Mr. Murchison undertook to say, speaking of the table, "Mr. Fleming has that schedule for study and probably that is one reason why it has not been incorporated in your printed proceedings".

I want to make two comments, Mr. Chairman, on Mr. Murchison's statement. First of all there is nothing in that suggestion which he made. The fact of the matter is that the decision not to print the table was taken at the last meeting of the committee and the report of Mr. Murchison was sitting in front of you on the table when the decision was made. I borrowed the report from the

secretary of the committee to prepare myself on it in order to save time at the next meeting. The second observation is this. I do not think that it is any part of the function of a witness appearing before a committee to make a statement of that kind which has to do with the way that the committee conducts its business. It is purely a matter for the committee's own decision and it is not a matter which requires a statement on the part of any witness. The committee is quite capable of looking after its own business without gratuitous suggestions of that kind.

Mr. ISNOR: It might be a matter of human rights.

Mr. FLEMING: What was that?

Mr. ISNOR: Nothing, let it go.

The CHAIRMAN: If I may say so, I do not think there was any discourteous intention. Mr. Murchison did not know how our business had been done and he just saw that it had not been printed. He was not in a position to know the motives.

The WITNESS: May I just make one observation? The only reason I made the statement which I did was because I had been asked by the secretary for another copy of the statement, because the one which I had previously filed had not been printed.

Mr. FLEMING: I just make this observation. At the close of our second last meeting this matter was discussed, and I urged then that the table be printed as an appendix to the proceedings. The committee thought at that time it was not yet desirable that the table be printed but the matter could be raised later. The fact that the table was in my possession had nothing whatever to do with it not being printed, because it was not in my possession when the committee reached the decision.

The CHAIRMAN: You are perfectly right.

Mr. FLEMING: As you indicated in the steering committee meeting, we want to complete our work on the sale of the Japanese property and I will try to make my questions of Mr. Murchison as brief as possible. I will renew my motion that the table be printed. You may prefer to leave that until after the examination in complete but I think it should go in. I do not think it is possible to properly follow the proceedings unless it is printed.

The CHAIRMAN: I think that is correct.

The matter of printing the table was postponed at the last meeting until the questioning was all done and the intention was that it could then be printed. It is now moved by Mr. Fleming that the schedule produced by Mr. Murchison be printed in the proceedings.

Carried.

*By Mr. Fleming:*

Q. I may say the schedule does extend some additional information which is already tabled on the record and which was submitted by Dr. Coleman at an earlier date. It takes up that table from the point where he completed his information and then it gives the purchase price and the sale price by the V.L.A. It is additional information and this table is set up in precisely the same manner as is Dr. Coleman's table.

Have you got a copy of this before you Mr. Murchison?—A. I have one here now, the secretary has just given it to me.

Q. I will go over this as quickly as I can, Mr. Chairman. The first item I would like to ask you about it J. L. 143, that is on page 1. It is the sale to the Westminster Priory Ltd. for \$5,500. I think that is one you told us about at a previous meeting where you indicated that was a sale to a purchaser other than a veteran and the aggregate cost to the Soldiers' Settlement Board I think was \$1,425, and the sale price was \$5,500.—A. I think that is correct.

Q. The next one, if you will turn to page 8, it is partly on page 8 and partly on page 16, but it is the sale to William Minty.

The CHAIRMAN: What is the number of that sale?

*By Mr. Fleming:*

Q. J. L. 151 on page 8 and J. L. 147 on page 16. The note opposite these parcels is "These lots sold by public tender to William Minty for \$3,050" and, if my figures are correct, the aggregate purchase price of the four parcels that were purchased by the Soldiers' Settlement Board was \$433. Is that correct Mr. Murchison? I do not claim to be a finished mathematician.—A. I think I gave the particulars of that sale in my previous evidence.

Q. Would you mind giving it again now and we will have it in line with this table? On page 8, under J. L. 151 you have an item of \$46, an item of \$94, and an item of \$198. On page 16 under J. L. 147 you have an item of \$95.—A. Yes.

Q. Now does that represent the total number of parcels sold to William Minty by public tender for \$3,050?—A. That is my understanding.

Q. Well is there anything to be added to that?—A. I have nothing to add to that. The total cost of the lots is listed on page 8; \$94, \$198, and \$46; and on page 16, \$96. I think that would account for the purchase price, the price paid to the custodian for those lots.

Q. That would total, according to my figuring, \$434, do you agree?—A. Yes.

Q. And then on page 27 there is an item there, J. L. 693, the amount paid by the Veterans' Land Act was \$1,689, sold by the Veterans' Land Act for \$2,340, and the note there is "Purchase price \$2,500, sale of granary for \$160". That means, I take it, there was a net of \$2,340 for the land, is that correct?—A. Yes.

Q. Have you anything to add to that?—A. No.

Q. Did the figure of \$1,689, the purchase price when you bought it, include the granary?—A. I could not say that without looking at the file.

Q. Then the figure \$1,689 that you bought might compare either with the figure of \$2,340, or the figure of \$2,500 as the sale price when sold by you?—A. Yes.

Q. To whom was that sold? Was it sold to a veteran on a non-veteran?—

A. Without checking the actual details on the file I am convinced it was a sale to a non-veteran, otherwise the sale price would have been the cost price to the director.

Q. Well are you drawing that conclusion by way of inference or are you making that as a statement of fact, that it was sold to a non-veteran?—A. By way of inference, because I cannot make it as a statement of fact without looking at the file. I cannot carry the details of 700 parcels of land in my head.

Q. You are making it by way of inference, then can I put it this way, Mr. Murchison? If it was a sale to a non-veteran you have made a profit on it of \$700 or \$900 in round figures, perhaps \$800 in round figures. If it was a sale to a veteran, which you do not think it was, because it was sold at a profit, that would then be out of line with the policy you followed all the way through with sales to veterans?—A. That is right.

Q. And you do not think it came within that latter class?—A. No.

Q. And then the next item is on page 30, J. L. 397. You bought it for \$41 and sold it for \$100 to Kennedy Community Hall Association?—A. Yes.

Q. I am offering you full opportunity to make any comment on any of these Mr. Murchison, because, you will recall your previous statement to the committee that there were only three properties, and you were very emphatic on this, that sold at a price by you, or by your department, in advance of that paid. You stated there were only three instances and you objected to a reference in one of the journals to the use of the word "examples". Now I give you an opportunity to comment on any of these if you wish to do so. Is there anything



you wish to say on that one, J.L. 397?—No, I have nothing to comment in connection with that.

Q. That was sold at a profit, at an advance of about 250 per cent on the price at which you bought it?—A. It was bought for \$41 and sold for \$100.

Q. Yes, which is an advance of about 250 per cent. The next one is on page 31, J.L. 438 and it appears that you bought that for \$3,682 and sold it for \$4,000 and there is a note opposite that line to the effect that the purchase price was \$4,000. What is the meaning of that note?—A. That means we had to increase our price to the custodian to that figure to get title.

Q. Now was that not included among the 741 parcels? How did that come to be dealt with specially?—A. That happened to be a parcel, I imagine, where the encumbrances against the title were such that it required an increase over the original figure, to the figure you have quoted, in order to get title.

Q. We have not heard of this before. We have not heard about any advance in the purchase price paid by your department on any of these parcels included among the total of the 741 farms. This is the first time we have heard there was any change made subsequently in the terms of purchase of any of those parcels.—A. Yes.

Q. Were there others or is this the only one?—A. No, there were cases where it was necessary for us to make modest increases in order to secure title.

Q. Why was that necessary, in order to secure title?—A. It was because we could not get title otherwise because the encumbrances against the land were such that the custodian could not deliver title for the purchase price first offered. We deemed, in those cases, it was good business on our part to agree to a modest increase in price up to an amount that would produce title.

Q. Do you mean to say you went back and increased prices to the custodian?—A. That is right.

Q. Because we have heard nothing about that from Mr. Shears in his evidence?—A. There were very few cases but there were some where it was a matter of either dropping the sale or increasing the purchase price to secure title.

I wish you would be more explicit as to why the sale price would be varied, because I understood the custodian had the equivalent of a statutory title, in the order in council passed under the War Measures Act. Would you just tell the committee how those increased prices became necessary in order to dispose of encumbrances for purposes of completing sale to veterans?—A. I do not know whether I can make it perfectly clear. I think I could perhaps best describe it this way. The total purchase price offered the custodian for the 769 parcels was allocated in accordance with our appraised value. As I said to this committee before, the total appraised value was approximately \$17,000 in excess of the offer the custodian accepted for the 769 parcels. In the course of taking titles to individual parcels I have no doubt the custodian allocated specific amounts to each parcel on account of each Japanese. Now in doing that they found in a few cases the allocation to the purchase price was not sufficient to clear the title on that individual parcel and accordingly we increased our purchase price by a few hundred dollars in order to obtain title.

Q. Mr. Murchison, I take it the custodian was conveying to you subject to encumbrances, and, in the case of some parcels, certain questions were raised about encumbrances and there were some adjustments necessary?—A. That is right.

*By Mr. Jaenicke:*

Q. Is that answer correct? Was the conveyance subject to encumbrances?—

A. No, it was not subject to encumbrances.

Q. That was the question.—A. It was transferred to us in fee simple but in order to acquire title in some cases our purchase price had to be increased by small amounts in order to enable the custodian to deliver title.

The CHAIRMAN: We have Mr. Wright, counsel for the custodian, who is here, and he might clear that up.

Mr. WRIGHT: The custodian took title subject to any mortgages, taxes, and subject to other encumbrances and at the close of the deal, just before it was closed, I recall that we submitted a list of those properties where the offer was not sufficient to take care of the adjustments necessary to obtain title. I cannot furnish you with the details but they were not numerous.

Mr. FLEMING: That is the case where the purchase price did not cover the encumbrances?

Mr. WRIGHT: Yes, that was the only case, and that information can be supplied to you.

Mr. FLEMING: Thank you then Mr. Wright. We may take it in all cases, and they were not numerous, where the purchase price offered by the Veterans' Land Act was not adequate to cover the encumbrances, the Veterans' Land Act subsequently increased the purchase price on the particular parcel by an amount sufficient to cover the encumbrances?

Mr. WRIGHT: Not in all cases. They refused in more than one case.

Mr. FLEMING: Who refused?

Mr. WRIGHT: The director of the Veterans' Land Act refused, in a number of cases, to pay the required amount so the offer with respect to that particular parcel was withdrawn, and those would be included in the properties we afterwards sold by public tender.

Mr. FLEMING: It all comes down to this, eventually, of the total number of parcels sold by the custodian to the Veterans' Land Act, in no case was the purchase price increased except in the odd case where the encumbrances exceeded the amount of the purchase price.

Mr. WRIGHT: Where the director of the Veterans' Land Act desired to obtain title.

Mr. FLEMING: Were there any cases included in the 741, I am not speaking of the 769 but in the eventual 741, where the director of the Veterans' Land Act did not choose to pay the additional amount required because of the encumbrances?

Mr. WRIGHT: Not in those they actually acquired.

Mr. FLEMING: We may take it in all those cases the director of the Veterans' Land Act did increase his price to cover the encumbrances?

Mr. WRIGHT: In the case of all those he eventually secured title to, yes. Otherwise we would not have conveyed.

Mr. BURTON: Would Mr. Wright be able to tell us how many parcels would be involved in those increases?

Mr. WRIGHT: I can obtain that information from Vancouver but I have not got it today.

Mr. FLEMING: Can you find out the amount of the increases? I take it there would not be very many.

Mr. WRIGHT: I believe we could go through the records and obtain that information.

Mr. BURTON: Mr. Murchison would be able to tell us this. Were the veterans to whom those lands were sold charged with the increase paid to the custodian?

The WITNESS: Yes.

Mr. BURTON: With the result that "A" bought a piece of land from the custodian that had been free of encumbrances for \$100?

The WITNESS: That is right.

Mr. BURTON: And "B", buying adjoining property that was worth approximately the same amount, owing to the fact that there had been encumbrances on it, was forced to pay \$150.

The WITNESS: That is possible.

Mr. ISNOR: But, on the other hand, the Veterans' Land Act may have purchased it for \$75 but the encumbrances might have brought it up to \$100.

Mr. JAENICKE: Are you asking this in connection with the 741 parcels?

Mr. FLEMING: Yes.

Mr. JAENICKE: Does not the list show how much the increases were?

Mr. FLEMING: No, the list shows first of all the J. L. number, and then the name of the owner, the appraisal by the Soldiers' Settlement Board valuers, then the sale price.

Mr. JAENICKE: Upon which the price is based.

Mr. FLEMING: That is the price paid by the Soldiers' Settlement Board to the custodian. Then column 5 is the V.L.A. file number, and the sixth column is the price sold for by the V.L.A., the seventh column is headed "Remarks", and there are remarks opposite some cases.

Mr. JAENICKE: It has not got a column showing the expenditures made by the V.L.A. on some parcels for the building of houses and things like that.

Mr. FLEMING: There would be an opportunity to put that in the remarks column if it was necessary.

Mr. ISNOR: What is the total number of cases included in that report?

Mr. FLEMING: I have not counted them all. I take it they are the 741 which correspond with the total purchases made. I am going by Mr. Shears' statement which was printed in the record by reason of a motion by Mr. Cruickshank.

*By Mr. Fleming:*

Q. Just before leaving that, Mr. Murchison, in those cases where you raised the price, you were prepared to raise the price paid to the custodian in order to get title to the property?—A. Yes.

Q. And this is one case where you were prepared to raise the price from \$3,682 to \$4,000 in order to obtain that parcel?—A. That is right.

Q. Now you mentioned that the purchase price was \$4,000 in the remarks column. I take it that was sold to a veteran.—A. No, that remark means it was the purchase price paid to the custodian. What price is that on?

Q. Page 31, item J.L. 438. It is the last item that has a remark on it on the page.—A. Yes.

Q. Do I infer from that it was sold to a veteran for \$4,000?—A. Yes, it is listed in the appropriate column as sold to a veteran for \$4,000.

Q. Mr. Wright, I take it Mr. Chairman, will give particulars of those amounts and the increases. This is the first we have heard of it.

Now on page 34 there is an item I would like to ask you about. It is J.L. 462 at the bottom of the page. The Veterans' Land Act paid \$1,611 and sold what we are told was part only to the Secretary of State for \$1. What is the explanation?—A. I am sorry, I would have to look at the individual file to explain that to you.

Q. I would be obliged if you would do that as it is the first we have heard of a sale back to the custodian. This is a piece of property which was sold back to the Secretary of State for \$1.



The CHAIRMAN: I understand Mr. Wright has particulars on that.

Mr. FLEMING: I would stop now and ask Mr. Wright if he would explain?

Mr. WRIGHT: I have not the details, but relying on my memory, we sold a parcel out in Mission, to the director. It was a corner lot and on the corner property was a building which belonged to an association.

Mr. FLEMING: What kind of an association?

Mr. WRIGHT: One of the Japanese associations. We arranged with the director to have sufficient land returned to the Secretary of State in order that we might have land for the building and not be required to move it. We found that the orders in council which were passed did not cover association properties and we could not convey.

Mr. FLEMING: In other words the order in council touched only the property of individuals?

Mr. WRIGHT: That is correct.

Mr. FLEMING: And this was a matter of a formal transaction, with the \$1 consideration being purely a formal recital.

Mr. WRIGHT: In order to have enough land to avoid moving the building this transaction was put through.

Mr. FLEMING: Was that conveyed to the Secretary of State as the custodian of enemy property? I was wondering how the Secretary of State enters into it.

Mr. WRIGHT: In all conveyances the Secretary of State, acting in his capacity as custodian, conveys. We usually put in the transfer "The Secretary of State acting a custodian pursuant to the revised regulations".

Mr. FLEMING: Very well, we can take it this conveyance was obtained from the Veterans' Land Act by the custodian in order to rectify a sale where he had stepped beyond his powers in selling property that was not vested in him.

Mr. WRIGHT: Yes, in so far as the building referred to is concerned.

*By Mr. Fleming:*

Q. The next item I wish to ask about is on page 35, J.L. 463. Mr. Murchison, your department paid \$678 and we are told it was sold by you for \$231.85 and in the remarks column it says "Purchase price \$800, one part sold (BC/2406-B), one part remaining subdivision—see appendix 3".—A. Yes.

Q. Will you explain the purchase price? I will repeat that there is a reference to an appendix. Are we to understand the \$800 was for a group of parcels and this item represents a particular parcel covered by the number J.L. 463?—A. I am sorry to take up your time but I would like to see the reference to the appendix referred to in the remarks column.

Q. I have looked at appendix 3 and I do not see parcel J.L. 463 included in it, Mr. Murchison.—A. Neither do I. I have an explanatory note on another appendix. In the case of 463 the custodian's sale price was \$678 and the actual purchase price paid was \$800. The explanatory note is that the custodian was unable to deliver title and the offer was cancelled. It was subsequently bought in December 1944 at \$800.

Q. In other words you did eventually realize \$800 on the sale of this parcel?—A. Not yet, we have made a partial sale of that lot for \$231.85 and the balance of it is in a remaining subdivision which has not been sold.

Q. I do not quite follow you. Where does the \$800 figure come from?—A. I have just explained at the outset the purchase price allocated to that lot was \$678, but the custodian was unable to deliver title at that price and our offer for that parcel was cancelled. Those were negotiations in 1943 and it was subsequently bought in December 1944 at \$800.

Q. You bought it from the custodian at \$800. Was that included then in the original 741?—A. It would not be included with the original 741 but it would be included in the final list of Japanese property acquired.

Q. This was one where we can take it, as far as the total amount paid by you to the custodian was concerned, it was not included in the 741 for which you paid something like \$848,000 approximately? I am just quoting that figure from memory. This was the subject matter of a subsequent purchase negotiated between you and the custodian, and, whereas the price on the basis of the 741 purchased by you would have been \$678, later, when you buy it from the custodian as a result of negotiations, for that particular parcel you are willing to pay \$800?—A. Yes, a year later, over a year.

Q. I take it if there had been any others included—by the way, were there any others in the same class, purchases made by you subsequent to the conclusion of the 741 parcels?—A. Speaking from memory I believe there were a few, not a large number. There were those which were excluded or dropped from the first offer for reasons—1, that the custodian could not deliver title, or 2, that the purchase price was beyond what we were prepared to pay. I would say that this was a case when a year later, the custodian was disposing of this by public tender, we decided to accept it at \$800 whereas in the first place our offer was listed at \$648. The number of cases similar to that would be limited.

Q. May I ask if Mr. Wright has a note of those particular parcels so we can see what advances there were in the prices?

Mr. WRIGHT: I have not a list of those, Mr. Fleming, but in our return it is shown that the Veterans' Land Act paid \$836,256 and that might not include any subsequent offers made. There were very few.

Mr. FLEMING: May I take it there were a few of those parcels that were the subject matter of sales subsequently arranged and not included in the 741, but included in the figure of \$836,000?

Mr. WRIGHT: That is possible.

*By Mr. Fleming:*

Q. Now that is something new, Mr. Chairman, I think we want to get to the bottom of that. We have understood all along, I say to both Mr. Murchison and Mr. Wright, that the figure of \$836,000 was calculated on a *pro rata* basis on all 741 properties; I say *pro rata* with reference to the appraisal made by the Solders' Settlement Board valuers.—A. 768.

Q. And that was cut down to 741?—A. It was finally cut down to 741.

Q. Do I understand from Mr. Wright's last statement, included in the 741 there were some where the price was advanced for one reason or other beyond the price for which it would have been purchased on the *pro rata* basis?—A. Yes, and, if you will bear with me, I have some notes here which I think will cover the point you are raising.

Q. Is that a new table?—A. No, it is not.

Q. Is it in the statement?—A. Yes. On the custodian's file J.L. 145, the listed price was \$1,352. Our note is the custodian was unable to deliver title and the parcel with withdrawn. It was subsequently bought in December, 1944, at \$1,425, as against \$1,352, the original figure. Item 173 of the custodian's file; the original sale price was \$1,132 and there was an error in computation. Our actual purchase price was \$426 because there was a fire loss recovered by the custodian before the director got title to the land.

Q. That was an adjustment to the agreed price, it was not a change?—A. No. Our file number 180 shows the custodian's sale price was \$2,041. Now the original appraisal covered two lots. The custodian was unable to deliver title to one lot and therefore we purchased the other one for \$1,465. There is a case where the custodian's records show the sale price as \$2,041 whereas the actual price paid by the director was \$1,465 on only one lot of that property. In file

number 175 there is a minor bookkeeping omission. The quoted sale price in the custodian's return was \$1,489.90 but the actual price paid was \$1,489, a difference of 90 cents. In connection with J.L. 123, that is another case where there were two lots involved in the appraisal in the one property. The sale price listed by the custodian was \$2,054 and here again the custodian was able to deliver title to only one lot and, therefore, we paid \$1,600 for that lot to which he was able to give us title. On item J.L. 693 the listed sale price was \$1,689. This was a case where the custodian was unable to deliver title. The original offer was cancelled and the parcel was later bought in January of 1946 by the director for \$2,500 from the custodian. I would just point out there that approximately two and a half years had elapsed between the original offer and the time we had actually purchased the property, during which time there was a very great change took place in conditions. Item 438 shows the listed price by the custodian as \$3,682. This was a case where the custodian was unable to deliver title and the parcel was withdrawn. It was subsequently purchased in July 1945 by the director at \$4,000.

Q. That is one we have already had.—A. Yes. In connection with item J. L. 447 there is a difference there of \$10 between the price quoted by the custodian and the price paid by the director. \$42 is the price quoted by the custodian while \$32 is our record of the actual price paid. On file J. L. 463, you have dealt with that one before, the custodian's price was \$678 but it was subsequently bought by the director in December 1944 at \$800. File 474 has I think a typographical error. The custodian's sale price is listed at \$3,004, and the actual price paid was \$3,044. File 522 shows the listed price by the custodian as \$591 and our records show a purchase price there are \$491. File J. L. 612 shows the listed price by the custodian as \$5,246. That is recorded in our books as being withdrawn at the time but it was brought by the director in August 1945 at \$6,000. Now that is all the information I have as to any increase in prices which took place following subsequent negotiations.

The CHAIRMAN: If I may say something at this point, I understand from Mr. Wright, that would be the only information he could get from Vancouver if he requested it. I think, however, that it covers the point.

Mr. FLEMING: I would suggest before we go any further that the table which Mr. Murchison has just read be printed in our records and Mr. Wright can check it. If he does find there is anything inaccurate he can report it to you and we will have it complete both from Mr. Murchison and Mr. Wright.

The CHAIRMAN: The table will be included in our records.

The WITNESS: I would not like to have it thought the figures I quoted cast any reflection on the custodian or Mr. Wright's department. These figures are as taken from our records and there are obviously a few bookkeeping omissions in them, but I would be very glad to produce the statement here so that it can be checked.

Mr. FLEMING: I think that it ought to be printed.

The CHAIRMAN: Mr. Fleming has moved that the table be printed. Is it carried?

Carried.

Mr. WRIGHT: In our return, which is included in the report, there is an item of \$836,256, from the Director, the Veterans' Land Act, and the next item with respect to the sales of real estate is \$1,868,080.66. Some of those subsequent sales may have been included in the second item, and might not refer to the Veterans' Land Act item. This would have to be cleared up by our Vancouver office. I could get that information.

Mr. FLEMING: I think it would be well to do that. Some of these advanced prices referred to in Mr. Murchison's table might not be reflected in the figure of \$836,000 odd.



Mr. WRIGHT: They might be reflected in the second item and I will endeavour to clarify that.

Mr. FLEMING: The next item is on page 41, J. L. 539, Mr. Murchison.

Mr. JAENICKE: What is the name?

Mr. FLEMING: Okimi.

*By Mr. Fleming:*

Q. There has not been any figure given of the sale by the Veterans' Land Act but the remark is "sold by official administrator". Can you explain that?—A. That would be a case where the property was in the hands of the administrator of the mentally incompetent and it was excluded.

Q. This would be one of those that were dropped when you reduced the gross of 769 to the net of 741?—A. That is correct.

Q. Then on the same page, J. L. 612, there is a list of properties that belong to the River Fish Company Ltd?—A. Yes.

Q. The sale price when sold to you by the custodian was a total of \$5,049; \$118; \$79; which I make to be a total of \$5,246. There is no note here of a sale by the Veterans' Land Act administration but the remark is "total purchase price for three parcels \$6,000". Can you explain that Mr. Murchison, please?—A. I can only assume, sir, it was a case where it was necessary to increase the purchase price.

Q. In other words you are still holding the parcel?—A. Yes.

Q. The custodian has presumably received \$6,000 perhaps for adjustments or for some other reason. The next one is on page 46, J. L. 795. There are two items under 795, the first parcel was purchased by you from the custodian for \$2,926, and the second one was apparently purchased for \$245. Your statement shows that the first one apparently has not been sold but that the second one for which you paid \$245 was sold for \$2,000 to Henry Frederick Hollings, civilian, as a cash sale.—A. I think that was one case I referred to in my opening statement in my evidence before the committee. It was a bush lot on Salt Spring Island.

Q. We are quite clear then that the original parcel for which you paid \$2,926 you are still holding?—A. That is right.

Q. While the second item, for which you paid \$245, you sold for \$2,000 cash to Henry Hollings, a civilian.—A. I believe that sale was made last year.

Q. You have attached to your table some seventeen appendices. I do not know that I would like to take the time to comment on all those in detail but if there is any general explanation on those I think it would be useful to the committee if you would give it? Number one is the Haney subdivision. You put a number of these parcels together, 39 lots in all and you paid a total of \$6,634 for the land, you sold the twenty lots for \$6,106.59 and you are holding nineteen lots to realize a small balance of \$527.41?—A. Yes.

Q. You are going to make a profit on those, obviously, when you sell them, do you not think, Mr. Murchison—A. No, because the lots which have been sold are the most attractive. Those which remain are rather outlying and bush covered and it would be our intention, if those lots are to be sold to veterans, they would be sold for what remains against the account.

Q. I take it when you put together a group of parcels for the purpose of a subdivision, when you sold the individual lots to veterans, you sold on a new plan and not by the old description? Am I right in that?—A. Yes.

Q. Therefore, when you made your individual sales on the new plan to veterans, you did not sell them or could not sell them on the basis on which you bought the lots.—A. Not in all cases. It would depend on the subdivision plan.

Q. I take it, in very rare cases only, a lot in the new plan would be identical with the lot on the old plan when you bought it?—A. Yes, but I do not think you should overlook the fact shown in the first appendix, in the

sales that have already been made in that Haney subdivision, existing improvements, permanent improvements, are valued at \$4,800 and were included in two lots which were sold. That takes up a very large amount for the twenty lots sold.

Q. Very well, we come down to this. Apart from this statement of improvements you have made, you have realized from the sale of twenty lots practically the entire purchase price, and you have nineteen lots left which you are prepared to sell. Are you prepared to sell those to veterans for \$527.41 or would it have to be \$527.41 plus the \$4,800?—A. \$527. The \$4,800 are included in two lots already sold.

Q. Are those amounts in addition to the \$6,059?—A. No it is represented by the sale of the twenty lots sold.

Q. Let us get that quite clear. The amount owing against the remaining nineteen lots, as far as your department is concerned, is \$521 or is it a total of the \$521 plus the \$4,800?—A. The \$521.

Q. That is all you have to get out of the lots to break even?—A. That is all.

Q. I take it what you said about the Haney subdivision will apply to the other cases? It will be a very rare case where a lot you sold to a veteran would be identical to the lots as you acquired it from the custodian?—A. Yes.

Q. And therefore, there is not, as regards these properties, any immediate available yardstick, by which you could measure whether you have sold to a veteran at the price at which you bought?—A. No more than I can give you my assurance that the price paid for the lot was properly apportioned impartially on the sales to veterans. That is something for which we must take the responsibility.

Q. I know it is your responsibility but I want to understand that clearly. In the case where you sold the parcel under the same description under which you purchased it from the custodian, it is a simple matter for us to compare the price at which you bought it and the price at which you sold it to the veteran who was getting the benefit of the low price at which you purchased it, but, in the case of these lands which were grouped together and re-subdivided, it is not possible for us to have a ready yardstick for comparison. It is a matter of your system as to whether the veteran paid any more than a fair value to be assigned to that particular lot on a new plan?—A. That is right.

Q. Then on appendix number 2 you have acquired a total of thirty lots for \$4,847 and you sold twenty-six of those lots for \$3,912. You have also four lots to be sold at \$935.—A. Yes.

Q. In appendix number 3 it is shown you bought thirty lots for a total of \$15,453 and you sold eighteen lots for \$14,508.80. You have twelve to be sold, which you are holding for \$945.—A. Yes.

Q. In the fourth subdivision there were seven lots which you acquired for \$4,937. You sold two lots for \$5,590 and you are holding four lots for \$1,346.05.—A. I think you have quoted me incorrectly. The total cost price was \$4,937 and two lots were sold—

Q. Three lots were sold in the subdivision and I gave you the figure of \$3,590.—A. I thought you said \$5,000.

Q. No \$3,590.95.

Mr. JAENICKE: You said \$5,000.

*By Mr. Fleming:*

Q. I am sorry, I was making a mental addition but you are holding four lots for \$1,346.05.—A. That is right.

Q. I take it you are not going to lose anything on this subdivision?

The CHAIRMAN: Why should they lose anything?

Mr. FLEMING: Just a moment please.

The WITNESS: No, I do not think we will.

*By Mr. Fleming:*

Q. If you are not aiming to make anything on the subdivision, there is a great difference in the lots on this plan and somebody is going to get the remaining lots for much less than the purchasers of the first lots which were sold?—A. I do not think that has been shown at all. As I say, we paid \$4,800 of the \$6,600 which is represented by improvements on two lots. There was another one a moment ago where the sales of the lots totalled \$14,508.80 out of a total cost of \$15,461 for the bunch. In those sales, improvements valued at \$13,100 were included in seven of the lots sold.

*By Mr. Jaenicke:*

Q. Have they all been sold in that case?—A. No, there are twelve lots left.

Q. Have you got a sample of where you have a subdivision sold, all of it?—A. No.

Q. Showing what you paid for them, what improvements you made, and what the soldiers paid to you?—A. I have not got such a sample.

Q. There are always some left?—A. There will be some left until the tag ends are picked up. Obviously the most attractive pieces are in demand first.

*By Mr. Fleming:*

Q. Mr. Chairman, I do not think I need take the time of the committee to go over these appendices. This is all to be printed and it is part of Mr. Murchison's statement. It shows in each case where there was a subdivision, the number of lots on the new plan which have been sold and the part remaining?—A. That is right.

Q. We will just take another as an example. Here is number 16. This is a case where there were seven lots that cost the D.V.A. \$1,375 and six have been sold for a total price of \$1,297.80. One lot remains to be sold for \$77.20.—A. That is probably all it is worth.

Q. Well do you know the lot? Are you saying that of your own personal knowledge?—A. No, I am saying that from the figures I see before me.

Q. It is an inference you are drawing from the figures?—A. Yes.

Q. Well let us confine ourselves to actual knowledge.

MR. JAENICKE: All those lots do not show improvements? There was talk about the Veterans' Land Act putting on improvements in some of these places. Does that show in the statement?

MR. FLEMING: There are just two subdivisions out of seventeen where improvements are made.

THE WITNESS: Let me correct that, sir. They are not improvements made by the director of the Veterans' Land Act, they are improvements which existed on the property when it was taken over by the custodian. None of those sale prices to veterans represented any improvements made by the director, or on behalf of the director.

MR. JAENICKE: But you told us a few meetings ago that the veteran might have paid several hundreds or thousands more for the property because you put improvements on it?

THE WITNESS: Yes, when we come to sell bare land to veterans there might be an increase reflected by putting up a home or buildings.

MR. JAENICKE: But the construction and the cost of it is separate from the figures you have given to-day.

THE WITNESS: Yes.



*By Mr. Fleming:*

Q. I think you have made that quite clear. The reason I mentioned the comparison I am seeking, is to try and draw a basis, or a line, respecting those sold with those which are left. Coming to the last appendix, number 17, I take that as an example that comes within the question asked by Mr. Jaenicke. There were four properties of Japanese apparently taken in that subdivision grouped together at a total cost price to the Veterans' Land Act of \$2,210, and the note is that these lands were sold to the Corporation of the District of Surrey as a sewage disposal plan, sale price \$2,800.—A. Yes.

Q. Did the sale embrace all the properties shown in appendix 17?—A. Yes.

Q. And therefore on this you made a profit of approximately \$600 on the sale?—A. I would not call it a profit sir, I think we quite legitimately took into consideration carrying charges, administrative charges, and so on, from the time we took over the land.

Q. Now Mr. Murchison, that is a new angle which you bring up. You were asked previously when you were before the committee about cases of sales of any of these properties acquired from the custodian where there had been an advance of the sale price; when you sold over the price at which you bought—

Mr. ISNOR: To veterans?

Mr. FLEMING: These are sold to non-veterans. Three instances were given by Mr. Murchison with respect to sales of non-veterans.

Mr. ISNOR: But the question was asked him in connection with veterans.

Mr. FLEMING: The answer given to us by Mr. Murchison was with respect to sales to non-veterans, the first one was the Westminster Priory, the second was Mr. Hollings and I forget the name of the third one.

*By Mr. Fleming:*

Q. In any event this is another one, Mr. Murchison, which you bought for \$2,210 and you have sold it to the District of Surrey for \$2,800.—A. Yes.

Q. That one was not mentioned to us and you took strong exception to the use in certain quarters of the word "examples" as applied to the three instances you gave. Now you and Mr. Wright have given explanations, on several of these parcels, which I think called for an explanation in view of the remarks attached on your statement, and it looks in the net result as if there were about a dozen of these parcels altogether, or close to a dozen,—I am not saying that figure exactly—where the sale by your department was at a price in advance of that at which you bought? Now have you any comment to make on that Mr. Murchison?—A. I was speaking from the best information that had been given to me by my departmental officers when I made my statement.

Q. Well, Mr. Murchison, in fairness to the committee you did not say then that you were going on information given to you by someone else. You were very positive, so positive that you came back a second day and made a statement in very emphatic terms on the subject. Now it appears that your statement was incorrect and that there have been a number of other parcels, that I have mentioned that I think would number about a dozen, that were sold by your department at a price in advance of the price you paid for them.—A. I do not think there were a dozen. I do not think you can find a dozen in these schedules.

Q. I am not saying it is an exact dozen but I have given you about a dozen examples this morning in the review we have made, and I am asking you now if you do not think the statement you made at the previous meeting was incorrect? It does not matter for a moment on whose information it was given.—A. I will admit the statement was incorrect in so far as the three parcels being sold in advance of the price they were purchased for is concerned.

Q. That is the question you were asked and that is the statement on which you were so emphatic to the committee. I am speaking of the sales to non-

veterans in advance of prices paid by the V.L.A. and I am now content with your statement when you say that it was incorrect.

The CHAIRMAN: Are there any other questions of Mr. Murchison?

I do not want the following remarks to be construed as a reflection on Mr. Fleming's examination this morning but, as the chairman is entitled to express an opinion, I cannot see where all this leads us, except to the conclusion that there might be a correction to the statement he made the previous time.

Mr. HOMUTH: Just a moment.

The CHAIRMAN: I am not passing any judgment, I will give you an opportunity to speak when I am through.

Mr. HOMUTH: Well I would like—

The CHAIRMAN: I am just expressing a personal opinion, I am entitled to do that just as is anybody else.

Mr. FLEMING: I take exception, Mr. Chairman, to that. If the time has come for general argument in the committee or general discussion, then it is within your prerogative to lead off on that discussion.

The CHAIRMAN: I have already asked if there are any other questions and before the witness goes out I can express an opinion. I cannot see that there has been anything wrong disclosed in this morning's questions or anything that would be against the public interest.

Mr. FLEMING: I just want to express this thought. If there are no other questions Mr. Murchison, may be excused as a witness and we are perfectly at liberty to discuss this.

The CHAIRMAN: I have asked the members if they had any other questions and there were none. I am now expressing an opinion which I should be entitled to express.

Mr. JAENICKE: Have you read the previous evidence in connection with the matter?

The CHAIRMAN: I have.

Mr. JAENICKE: You have?

The CHAIRMAN: Yes, perhaps not all of it but most of it.

Mr. JAENICKE: The purpose of Mr. Fleming's examination was to show that the Veterans' Land Act might have made profits out of soldiers on the sales, and that we have got to investigate. We have made a report as far as the Japanese are concerned and that is done with.

Mr. FLEMING: No, it is not done with. Our report has been submitted to the House, or I should say it will go before the House when Mr. Isnor moves adoption of it. We had not completed the evidence on which we are basing the report and Mr. Cruickshank, in a motion, asked for the information which has been produced. There are two things here in my submission. We have additional evidence, and this is a matter of argument, and if we are now having argument, I say the additional evidence is to the effect that the price paid by the Veterans' Land Act administration to the custodian for them any Japanese owners was not a fair price, and again, that some of those prices show an advance.

The CHAIRMAN: Is it inferred that there was not a fair price?

Mr. FLEMING: We had some evidence and this is additional evidence pointing to that very fact. We had in the former evidence three cases where Mr. Murchison intimated there were sales at prices in advance of those at which he bought. Now we find, and I have brought them out, that there were around a dozen. It has also been shown, I submit, that the prices paid to the custodian by the director of the Veterans' Land Act were not fair prices representing the market value of those properties.

Mr. JAENICKE: I agree with you there.

Mr. FLEMING: In the second place, Mr. Murchison's statement on a previous occasion, was to the effect those three properties, which he then said were all the properties sold to civilians at prices in advance of those paid by the director of the Veterans' Land Act. There has been no attempt made to pass over to the Japanese owners the benefit of that sale at an increased price. Now we find that there are not just three, but there are others, and still no attempt has been made to return to the original owners the proceeds of the sales at higher prices. I think there is also an important question in the light of the proceedings of the committee, where a witness came before the committee and was very emphatic about the three sales. He came back at the next meeting and made a statement at some length with very great emphasis which, I think we felt should not have been before the committee but it went on the record. Mr. Murchison objected in the strongest terms, scathing terms, to the use of the word "examples" as applied to those three sales on the basis that there were only three. On that basis, and with that objection, he took up the time of the committee to belabour a journalist, a prominent member of the press gallery, respected by all of us, for using that expression. Now we find there were not only three examples, there were ten or a dozen. I think further we should go into this very carefully by reason of the fact that one department is dealing with another, for which the government, at cabinet level takes the responsibility, and very grave injustice has been done to people who could not protect themselves, namely these Japanese owners.

Mr. JAENICKE: I would like to state my opinion on a matter which Mr. Fleming has raised. The unfortunate publicity which we got was because the Veterans' Land Act was accused of selling soldiers land for higher prices than those at which the parcels were bought. I do not think the evidence establishes that.

Mr. FLEMING: I do not think that was ever the question.

Mr. JAENICKE: There were some sales to private individuals that were considerably more than the price paid and I say that the Japanese owners should be compensated, as we have already recommended. I, myself, was not satisfied with the report however.

Mr. ISNOR: Were you not here when the report was approved?

Mr. JAENICKE: Unfortunately I was in another committee.

Mr. ISNOR: It is unfortunate because it was unanimously approved.

Mr. JAENICKE: So I understand.

Mr. ISNOR: There is no understanding about it, it is a fact.

Mr. JAENICKE: I think it could be made plainer. The strongest evidence we have concerning the Veterans' Land Act and the fact that the property was bought too cheaply is at page 115 and 116 where these forty-three parcels were sold to private individuals for \$82,000 as against the offer of the Veterans' Land Act for \$38,000. That, in my opinion, is the strongest evidence we have before this committee that the offer of the Veterans' Land Act was away below the actual value. The three, or four, or half a dozen, or dozen, parcels which have been mentioned to-day are only additional evidence, as far as I can see, that the Japanese owners ought to be compensated and the matter should be investigated by parliament through a commission.

Mr. WARREN: I have been wondering if Mr. Fleming is trying to indicate or to prove that it is something of a crime that some of these properties were sold at an advance of price to civilians. Has a crime been committed?

Mr. HOMUTH: Well it ought to go back to the individual owners.



Mr. FLEMING: We should not have been told there were not other sales of this kind with such emphasis.

The CHAIRMAN: There was also a great lapse of time during which there were taxes and administrative costs mounting up while they had the land.

Mr. FLEMING: That has not got anything to do with this at all.

Mr. PROBE: The director of the Veterans' Land Act himself was prepared to raise his figure in purchasing certain of these properties to a point where his price exceeded the appraisal which his department put on the land. I think that is an important point, because it suggests, to my mind, that his appraisal had been exceedingly modest in setting the value on the various parcels on which the director offered to purchase. The director himself was perfectly satisfied that he could afford to pay more, because he did so for certain parcels. I did not intend to break in on the trend of the question but that was one thing that ran through my mind. The director himself thought he could pay more without doing an injustice to the clients he represented. I wondered if Mr. Murchison would care to comment on that?

The WITNESS: Mr. Chairman, I think, from the information I have presented here, that in any case where there was an increase agreed to, the amount was comparatively small. Without checking the details it is my impression that in no case was the increase in an individual parcel more than about ten per cent.

Mr. PROBE: But undoubtedly you felt you had a safety margin and you could offer more?

The WITNESS: Yes, but in many cases where an additional price was demanded we declined to pay. The number of cases where we agreed to increase was, after all, very limited in relation to the over-all size of the transaction.

Mr. HOMUTH: Might I ask Mr. Isnor when he is going to move adoption of the report.

Mr. ISNOR: I was going to move it last Friday, but at the request of Mr. Fleming, a member of the committee who is very interested in the work, I postponed making the motion on that day.

Mr. FLEMING: Thursday was the day.

Mr. ISNOR: Yes, Thursday. Now that Mr. Fleming has returned I think it will be done in the very near future.

Mr. FLEMING: I think I would like to add that, when speaking to Mr. Isnor on the matter of moving it on Thursday, a meeting was being called on Friday to hear Mr. Murchison's evidence. I was here on Friday but Mr. Isnor and I agreed there was not much point in moving it when there was another meeting to finish up the evidence. Mr. Isnor very kindly agreed with that, and he and I both took it just as a matter of convenience.

Mr. MACDONNELL: I have been away but I would like to ask a question. If I had been here I would have had the information, but is it the feeling that where an additional amount was received by the authorities over and above that given to the original owners, notwithstanding the considerations which have arisen, that any advance should go to the original owners?

Mr. JAENICKE: There was a suggestion in the correspondence but I do not think it was contained in the agreement. There is some evidence that the Veterans' Land Act would turn over any profits.

Mr. MACDONNELL: Would it be proper for this committee to express such a view and would that be the view?

The CHAIRMAN: I think that has been more or less covered by our recommendation that an inquiry be held and a commission be set up to hear the claims. Those claims can come before the commission which we have recommended.

Mr. ISNOR: It is a big question which is raised by Mr. Macdonnell. We have discussed it at some length and I doubt whether it would be wise to reopen the question to-day. The purchases were made in 1941 and the sales made in 1942, 1943, 1944, 1945, and 1946. Naturally prices have increased and I think the committee felt that was a feature which would have to be taken into consideration by the commissioner or the commission.

The CHAIRMAN: There is another angle to it. If we are to extend the benefit to the first owner of any advance in price, we might be led to consider what the actual price is now. The actual price is even higher now, and I understand many of the individuals who purchased from the department have sold at a profit. If the Japanese could say the real value of our land would be so much now, it would open a wide field. I think that is one of the things which should be in the hands of the commission which would hear the cases and make representations to the government. Are there any other comments?

Mr. GOLDING: Did you have some comment Mr. Chairman?

The CHAIRMAN: I think the only point is that it is quite late. We better not call the other witnesses and I move that we adjourn until to-morrow morning at 11.00 a.m. to hear Dr. Coleman and Mr. Mathieu. Mr. Fleming was not here when they appeared and I understand the other members were all through, but we agreed to postpone the balance of their evidence so Mr. Fleming could ask questions. I move that we adjourn until to-morrow so as not to have to change the agenda for next week.

The meeting stands adjourned until to-morrow.

The meeting adjourned at 1.05 p.m. to meet again Friday, June 27, 1947 at 11.00 a.m.

## APPENDIX "A"

(See also pp. 163-175, minutes of proceedings and evidence, May 13, 1947)

File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File	Sold for by VLA \$ cts.	REMARKS
2862	92	Adachi, A.....	988 00	970 00	BC/218-P	.....	
5058	93	Adachi, M. K.....	1,222 00	1,222 00	BC/219-P	.....	
5442	178	Anemori, A.....	855 00	839 00	BC/1880-A	839 00	
5432	85	Araki, T.....	850 00	834 00	BC/221-P	.....	
9363	110	Endo, H.....	419 00	411 00	BC/222-P	.....	
9363/4	111	Endo, T. and H.....	2,038 00	2,001 00	BC/223-P	.....	
2864	116	Fukami, K.....	1,400 00	1,374 00	BC/224-P	.....	
2864	116	Fukami, K.....	225 00	221 00	BC/225-P	.....	
2851	172	Fukami, K. M.....	424 00	416 00	BC/226-P	.....	
11060	75	Fukawa, S.....	1,158 00	1,137 00	BC/226-P	.....	
5573	31	Fujino, K.....	2,085 00	2,047 00	BC/640-P	.....	
5573	31	Fujino, K.....	125 00	123 00	BC/684-P	.....	
Int. 132	87	Hirai, S.....	323 00	317 00	BC/230-P	.....	Cancelled—Title not obtained.
2853	89	Hashimoto, R.....	1,560 00	1,552 00	BC/231-P	.....	
4999	82	Hayashi, G.....	550 00	540 00	BC/232-P	.....	
6620	33	Hayashi, K.....	977 00	959 00	BC/233-P	.....	
5438	143	Hashizume, E.....	570 00	560 00	BC/234-P	5,500 00	Westminster Priory Ltd.
5438	143	Hashizume, E.....	120 00	2,118 00	BC/235-P	.....	
5438	143	Hashizume, E.....	1,795 00	1,763 00	BC/236-P	.....	
4965	18	Hinatsu, Y.....	1,488 00	1,461 00	BC/237-P	245 00	
4461	46	Hisaoka, I.....	250 00	245 00	BC/1071-A	1,327 00	1 part sold, 1 part remaining (BC/2701-B).
4461	46	Hisaoka, I.....	1,351 00	1,327 00	BC/1071-A	926 00	
5437	94	Ikebuchi, T.....	1,450 00	1,424 00	BC/239-P	.....	
5444	50	Inouye, Y.....	755 00	741 90	BC/662-P	.....	
6622	146	Ito, D.....	2,000 00	1,964 00	BC/739-P	.....	To be cancelled—price too high.
4612	84	Kadonaga, I.....	770 00	756 00	BC/242-P	.....	
13862	171	Kadonaga, T.....	731 00	718 00	BC/2158-B	718 00	
9937	112	Kamimura, K.....	279 00	274 00	BC/244-P	.....	
2859	117	Kato, K.....	887 00	871 00	BC/663-P	.....	Withdrawn—offer deficient.
9439	19	Kitagawa, Y.....	850 00	835 00	BC/247-P	.....	
5440	27	Konno, Y.....	769 00	755 00	BC/247-P	.....	
5440	27	Konno, Y.....	214 00	210 00	BC/1071-A	491 00	
5574	118	Nagata, F.....	500 00	491 00	BC/249-P	.....	
6618	118	Kudo, M.....	668 00	656 00	BC/250-P	.....	
5424	141	Kunimoto, S.....	623 00	612 00	BC/259-B	.....	
5424	141	Kunimoto, S.....	1,835 00	1,802 00	BC/259-B	535 55	Land only—house destroyed by fire.
2525	20	Mitsunaga, T.....	610 00	599 00	BC/252-P	.....	



2861	Morihamu, T.	280 00	275 00	BC/253-P		
5441	Miyagawa, H.	1,000 00	982 00	BC/2084-B		
5428	Miyagawa, T.	2,179 00	2,140 00	BC/664-P		
4741	Mori, Y.	512 00	503 00	BC/256-P		
4742	Mori, Y.	500 00	491 00	BC/257-P		
2861	Moriyama, T.	809 00	874 00	BC/2458-B		
12875	Moriyama, M.	79 00	78 00	BC/1017-P		
2861	Moriyama, T.	1,300 00	1,276 00	BC/259-P		
15607	Nakamura, H.	820 00	805 00	BC/1423-A		
5419	Nakashima, T.	2,343 00	2,343 00	BC/672-P		
2863	Nishiyama, K.	1,216 00	1,194 00	BC/262-P		
5430	Nomura, Y.	970 00	952 00	BC/263-P		
2883	Ogawa, K.	1,265 00	1,242 00	BC/2518-A		
1352	Oda, K.	4,526 00	4,444 00	BC/265-P		
10220	Ohashi, S.	449 00	441 00	BC/266-P		
3	Ohashi, S.	297 00	292 00	BC/267-P		
10220	Ohashi, S.	2,100 00	2,062 00	BC/2134-B		
5435	Okabe, D.	96 00	94 00	BC/269-P		
5435	Okabe, D.	453 00	445 00			
5575	Okamura, M.	2,677 00	2,628 00	BC/271-P		
5445	Okuma, Y.	328 00	322 00	BC/2088-B		
9332	Oniskaki, S.	974 00	956 00	BC/686-P		
5443	Ohno, K.	1,600 00	1,571 00	BC/274-P		
9331	Saito, K.	1,000 00	982 00	BC/275-P		
2867	Saito, K.					
2705	Mrs. Shizu Saito					
12227	Sakon, B.	4,229 00	4,152 00	BC/233-A		
4601	Sakon, M.	1,796 00	1,764 00	BC/277-P		
4601	Sakon, M.	424 00	416 00	BC/278-P		
13382	Sakon, M.	514 00	505 00	BC/279-P		
13587	Sakon, I.					
4616	Sasaki, C.	763 00	749 00	BC/280-P		
5425	Sato, S.	715 00	702 00	BC/281-P		
5578	Senda, K.	1,775 00	1,743 00	BC/665-P		
23	Oikawa, M. N.	1,622 00	1,593 00	BC/1651-B		
2873	Shimomura, T.	1,190 00	1,168 00	BC/284-P		
3265	Shimoda, K.	775 00	761 00	BC/285-P		
5434	Uyemura, I.					
3265	Shimoda, K.	492 00	483 00	BC/286-P		
2525	Mitsunaga, T.					
Int. 1248	Shiono, N. (In Trust)	577 00	567 00	BC/287-P		
Int. 713	Shirakawa, T.	450 00	442 00	BC/288-P		
Int. 713	Shirakawa, T.	1,422 00	1,396 00	BC/289-P		
Int. 1111	Towomura, M.	600 00	589 00	BC/290-P		
Int. 1111	Towomura, M.	539 00	529 00	BC/291-P		
13693	Tashiro, G.	1,600 00	1,571 00	BC/293-P		

Cancelled—title not obtained.

Cancelled, not suitable.  
(Sold in 2 parts) (BC/2304-B and  
BC/2482-B).(1 part sold, 1 part remaining)  
(BC/2394-B).Sold in two parts, BC/2644-A and .25  
acre pld. to Farmers' Association of  
Mission for sum of \$150.00.  
(\$403.95 received from timber sales).Cancelled—title not obtained.  
Cancelled—title not obtained.  
Subdivision—see appendix No. 2.

Cancelled—title not obtained.

## STANDING COMMITTEE

File No.	J. L.	Name	Appraisal	Sale Price	VLA File	Sold for by VLA	REMARKS
			\$ cts.	\$ cts.		\$ cts.	
2875	79	Tashiro, E.	499 00	490 00	BC/294-P		
5579	21	Tatebe, K.	1,100 00	1,080 00	BC/295-P		
Int. 5579	22	Tatebe, K.	760 00	746 00	BC/296-P		Subdivision—see Appendix 2.
Int. 1113	114	Tateyama, S.	565 00	555 00	BC/297-P		
5576	25	Tsui, K.	800 00	1,188 60	BC/2401-B	1,188 60	Withdrawn.
4962	51	Tsui, T.	460 00	452 00			
5581		Tsui, S.					
9320	136	Umestu, K. (in trust)	1,861 00	1,827 00	BC/300-P		Subdivision—see Appendix 2.
5434	47	Uyemura, I.	260 00	255 00	BC/302-P		
5434	47	Uyemura, I.	1,325 00	1,301 00	BC/301-P		
3267	88	Watanabe, Y.	1,200 00	1,178 00	BC/303-P		Subdivision—see Appendix 2.
3267	88	Watanabe, Y.	235 00	231 00	BC/304-P		
2881	83	Yako, T.	360 00	353 00	BC/666-P		
5421	29	Yanoshita, T.	1,850 00	2,095 00	BC/742/P		Withdrawn.
5421	29	Yanoshita, T.	555 00	545 00			
736	181	Aoki, C.	195 00	191 00	BC/308-P		
5060	184	Aoki, K.	885 00	899 00	BC/309-P		
5060	184	Aoki, K.	188 00	185 00	BC/310-P		
2857	145	Hattori, S.	1,377 00	1,352 00	BC/311-P	1,425 00	(1 pcl.) Purchase price \$1,425.00 (BC/349-B).
2855	145	Hattori, M.	110 00	108 00	BC/311-P		Purchase price \$426.00, Custodian having recovered \$353.00 insurance on house destroyed by fire.
5433	173	Hayashi, T.	793 00	779 00	BC/313-P		Sold June, 1942.
6620	33	Hayashi, K.	368 00	361 00			
5437	94	Ikebuchi, T.	615 00	604 00	BC/314-P		
1572	198	Ito, Y.	850 00	835 00	BC/315-P		
4529	169	Kimura, I.	1,420 00	1,394 00	BC/316-P		
2889	170	Kinoshita, A.	880 00	864 00	BC/317-P		
4963	119	Kodama, T.	880 00	864 00	BC/318-P		
4960	177	Matsushita, J.	91 00	89 00	BC/319-P		
5441	179	Miyagawa, H.	340 00	334 00	BC/320-P	334 00	Sold in 4 parts (BC/626-B, BC/2645-B, BC/2646-B and BC/2647-B).
5426	182	Nakashima, U.	2,190 00	2,150 00	BC/321-P		
2287	183	Okamura, S.	299 00	294 00	BC/322-P		
5445	1	Okuma, Y.	240 00	230 00	BC/323-P		
5425	174	Sato, S.	130 00	128 00	BC/324-P		
2871	144	Shigehiro, K.	1,151 00	1,130 00	BC/325-P		
5420	23	Shikaze, K.	1,875 00	1,841 00			
5420	23	Shikaze, K.	552 00	542 00	BC/327-P		Withdrawn.
13222	168	Takamoto, S.	225 00	221 00	BC/328-P		Subdivision—see Appendix 2.
2879	180	Yahiro, Kin.	1,785 00	1,753 00	BC/329-P	1,465 00	Sold in 2 parts—Cost price \$1,465.00 (BC/2432-B and BC/2503-B).

11525	7	Abe, M.,	1,831 00	1,798 00	BC/5-P	Cancelled, title not obtained.
7008	217	Aomoto, I.,	1,885 00	1,885 00	BC/6-P	
8654	53	Arinobu, H.,	612 00	601 00		
5993	56	Arinobu, M.,	1,593 00	1,564 00	BC/1552-B	
2763	164	Ariza, E.,	1,509 00	1,482 00	BC/8-P	
5992		Ariza, M.,				
12585	153	Fujii, Y.,	1,218 00	1,196 00	BC/9-P	1 part sold, 1 part remaining (BC/2710-B).
5318	391	Fujita, H.,	2,808 00	2,757 00	BC/196-A	
Int. 1263		Nakano, R.,				
5284		Iwato, S.,	729 00	716 00	BC/1909-B	
6399	188	Otani, K.,				
2761	195	Otani, Y.,	1,094 00	1,074 00	BC/12-P	Sold prior to evacuation.
5069	374	Fujino, S.,	1,537 00	1,509 00	BC/1240-A	
5401	63	Fujishige, T.,	1,155 00	1,134 00		
3368	349	Fujiwara, T.,	264 00	259 00	BC/14-P	
7348	13	Fukuda, T.,	1,000 00	982 00	BC/15-P	
3325	375	Fukunaga, S.,	25 00	25 00	BC/16-P	
Int. 131	148	Furuya, M and Co. Ltd.,	521 00	512 00	BC/17-P	
5431	6	Furukawa, G.,	1,400 00	1,375 00	BC/2498-A	Cancelled, title not obtained.
5431	6	Furukawa, G.,	731 00	718 00	BC/2211-B	Cancelled, title not obtained.
7346	12	Furukawa, K.,	1,700 00	1,669 00	BC/1348-A	
4230	98	Furuse, K.,	170 00	167 00	BC/21-P	
2281	313	Go, T.,	257 00	252 00	BC/22-P	Cancelled—title not obtained.
4820	321	Goryo, Y.,	531 00	522 00	BC/23-P	
2860	16	Goto, G.,	654 00	632 00	BC/24-P	
7376	61	Gyotoku, U.,	1,127 00	1,106 00	BC/25-P	
6930	151	Hamaura, S.,	47 00	46 00		
6930	151	Hamaura, S.,	96 00	94 00		
6930	151	Hamaura, S.,	202 00	198 00		
Int. 564	128	Hara, K.,	836 00	821 00	BC/26-P	Subdivision, see appendix No. 8. These lots sold by public tender together with J.L. 147 to William Minty for \$3,050.00. Sold May 1942.
6659	106	Hayami, M.,	1,147 00	1,126 00		
9374	156	Hidaka, T.,	292 00	287 00	BC/2150-B	
767		Hidaka, K.,			BC/28-P	
4620	288	Hiramatsu, T.,	203 00	199 00	BC/29-P	
7001	213	Hirowatari, H.,	1,680 00	1,650 00	BC/1551-B	Only 1 property.
7001		Hirowatari, T.,	1,680 00	1,650 00		
4833	211	Hisanaga, M.,	924 00	907 00	BC/2420-B	
4846	192	Hisanaga, M.,	150 00	147 00	BC/32-P	
Int. 162	361	Hori, G.,	350 00	344 00	BC/1267-B	
8794		Hori, S.,				
8662	150	Horuchi, Y.,	878 00	862 00	BC/1648-B	
5403	105	Hosaki, S.,	3,170 00	3,113 00	BC/35-P	Subdivision—see appendix 5.
5403	137	Hosaki, S.,	285 00	280 00	BC/36-P	
Int. 7352	137	Hosaki, S.,	744 00	731 00	BC/2262-B	
Int. 1437	54	Hoyano, T.,				
1302		Yamasaki, K.,	940 00	923 00	BC/2190-B	
		Okasaki, L.,				



## STANDING COMMITTEE

File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File \$ cts.	Sold for by VLA \$ cts.	REMARKS
7353	682	Hoyaho (Mrs.) Y.....	3,635 00	3,569 00	BC/2196-A	3,569 00	
Int. 402	683	Ichikawa, H.....	2,760 00	2,710 00	BC/2052-A	2,710 00	
6988	314	Ikeda, K.....	1,986 00	1,950 00	BC/1733-B	1,950 00	
6986	216	Imada, K.....	3,038 00	2,933 00	BC/2360-A	916 78	Fire loss recovery \$2,066.22.
6933		Imada, T.....					
6929	345	Imada, K.....	392 00	385 00	BC/42-P		
7378		Imada, T.....					
6995	254	Imada, Y.....	1,350 00	1,326 00	BC/2698-A	1,326 00	
8823	366	Iinuma, T.....	252 00	248 00	BC/771-B	248 00	J. L. 354 also sold—same account.
9379	390	Inoue, Y.....	Nil	Nil			
6990	309	Isoshima, T.....	866 00	850 00	BC/45-P		
6983	310	Isoshima, Y.....	2,269 00	2,228 00	BC/1370-A	2,228 00	
3413	376	Iitaya, W.....	501 00	492 00	BC/47-P		
736	358	Iwamoto, T.....	366 00	359 00	BC/48-P		
3415	359	Iwamoto, S.....	771 00	757 00	BC/49-P		
7349	35	Iwase, T.....	1,305 90	1,231 00	BC/2636-B	1,256 00	Fire loss recovery \$25.00.
8059	389	Kajima, H.....	1,660 00	1,630 00	BC/1592-B	1,630 00	
13606		Kajima, D.....					
12273	684	Kanzaki, T.....	3,728 00	3,661 00	BC/52-P		
8791	342	Kato, K.....	49 00	48 00	BC/53-P		
14172		Sato, S.....					
8796	353	Kato, S.....	552 00	542 00	BC/2670-B	542 00	
8667	149	Katsuno, C.....	1,870 00	1,836 00	BC/2053-B	1,836 00	
5281	187	Kawashima, A.....	627 00	616 00	BC/2317-B	616 00	
7342	194	Kawamoto, M.....	270 00	265 00	BC/57-P		
8670	68	Kawamoto, S.....	1,770 00	1,738 00	BC/58-P		
9386	154	Kido, K.....	1,000 00	982 00	BC/1425-C	982 00	Subdivision—see appendix 5.
4981	127	Kido, S.....	1,196 00	1,174 00	BC/2356-B	1,174 00	
11970	138	Kika, T.....	504 00	495 00			
8790	350	Kobayashi, K.....	281 00	276 00	BC/61-P		
8790	350	Kobayashi, K.....	1,516 00	1,489 90	BC/2051-B	1,489 00	
2759	175	Koga, S.....	1,434 00	1,408 00	BC/2634-B	1,408 00	
2885	166	Koga, T.....	1,434 00	1,408 00	BC/64-P		
8272	246	Kobara, C.....	684 00	672 00			
8308	279	Kohy, T., Mrs.....	1,558 00	1,530 00	BC/251-B	1,530 00	
8673		Kohy, Y.....					
5283	263	Kojima, I.....	1,571 00	1,543 00	BC/2165-B	1,543 00	
6981		Kosaka, J.....					
6980	176	Kosaka, T.....	3,145 00	3,088 00	BC/67-P		VLA records show the J.L. No. to be 685.
6982		Kosaka, M.....					
3425	348	Kosaka, K.....	496 00	487 00	BC/702-B	487 00	
2924		Kosaka, M.....					

69241	176	Kosaka, M.	418 00	410 00	BC/69-P	.....	.....	.....	.....
6987		Kosaka, K.	1,482 00	1,455 00	BC/70-P	.....	.....	.....	Subdivision—see Appendix 1.
7362	73	Kumamoto, T.	701 00	688 00	BC/71-P	.....	.....	.....	Subdivision—see Appendix 1.
7361	74	Kumamoto, K.	430 00	422 00	BC/72-P	.....	.....	.....	.....
7360	55	Kusano, K.	2,241 00	2,200 00	BC/2027-A	.....	.....	.....	Sold June, 1943.
9587	55	Kusano, K.	1,110 00	1,090 00	BC/2027-A	.....	.....	.....	.....
9588	161	Maehara, K.	1,300 00	1,276 00	BC/75-P	.....	.....	.....	Fire loss recovery \$738.75.
4652	287	Makino, M.	1,100 00	1,080 00	BC/76-P	.....	.....	.....	Fire loss recovery \$5.00.
7004	285	Matsume, T.	755 00	741 00	BC/2147-B	.....	.....	.....	.....
5282	199	Matsuo, S.	1,443 00	1,417 00	BC/298-B	.....	.....	.....	.....
2001		Matsuo, K.	3,345 00	3,284 00	BC/1378-A	.....	.....	.....	.....
2633		Matsuo, T.	484 00	475 00	BC/80-P	.....	.....	.....	.....
8674	209	Matsuka, T.	419 00	411 00	BC/81-P	.....	.....	.....	.....
8677	686	Miyasaki, M.	131 00	129 00	BC/2558-B	.....	.....	.....	.....
5285	261	Matsume, I.	939 00	922 00	BC/2318-B	.....	.....	.....	.....
5402	284	Matsumoto, Y.	1,000 00	982 00	BC/84-P	.....	.....	.....	1 part sold, 1 part remaining (BC/2526-B).
7550	36	Mende, S.	402 00	395 00	BC/85-P	.....	.....	.....	.....
346	346	Miki, Y.	997 00	979 00	BC/86-P	.....	.....	.....	.....
3445	270	Mishima, T.	765 00	751 00	BC/87-P	.....	.....	.....	.....
4836		Miyake, T.	503 00	494 00	BC/88-P	.....	.....	.....	.....
4831	264	Miyake, N.	722 00	709 00	BC/89-P	.....	.....	.....	.....
4830		Miyake, N.	2,238 00	2,217 00	BC/2452-A	.....	.....	.....	.....
2757	210	Mitani, H.	2,074 00	2,036 00	BC/2621-B	.....	.....	.....	.....
3401	320	Miyahara, Y.	3,156 00	3,099 00	BC/92-P	.....	.....	.....	.....
3403		Miyahara, Mrs. K.	1,577 00	1,548 00	BC/93-P	.....	.....	.....	Subdivision—see appendix 1.
8797	130	Morishige, F.	2,384 00	2,341 00	BC/1007-B	.....	.....	.....	.....
3360	130	Nishikawa, S.	500 00	579 00	BC/95-P	.....	.....	.....	.....
6986	290	Mochizuki, N.	2,588 00	2,512 00	BC/771-B	.....	.....	.....	Subdivision—see appendix 8.
6984	286	Mochizuki, S.	894 00	878 00	BC/101-P	.....	.....	.....	J.L. 366 also sold—same account.
7366	248	Morikawa, K.	212 00	208 00	BC/2554-A	.....	.....	.....	Sold by Custodian prior to June/42.
8680	193	Morikawa, M.	466 00	458 00	BC/98-P	.....	.....	.....	Sold by Custodian July /42.
8682		Morikawa, F.	1,000 00	982 00	BC/2374-B	.....	.....	.....	.....
7351	42	Mukai, O.	1,728 00	1,697 00	BC/100-P	.....	.....	.....	.....
7351	42	Mukai, O.	2,588 00	2,512 00	BC/101-P	.....	.....	.....	.....
3409	354	Mukaia, K.	894 00	878 00	BC/2554-A	.....	.....	.....	.....
7375	71	Mukada, N.	212 00	208 00	BC/98-P	.....	.....	.....	.....
201	363	Nabeta, M.	1,000 00	982 00	BC/1682-B	.....	.....	.....	.....
4796	157	Nabuto, F. Mrs.	818 00	803 00	BC/104-P	.....	.....	.....	.....
4832		Nabuto, K.	2,913 00	2,560 00	BC/661-A	.....	.....	.....	.....
6977	307	Nabuto, K.	Included above	500 00		.....	.....	.....	.....
6977		Yoshihara, I.	1,000 00	982 00	BC/2374-B	.....	.....	.....	.....
6972		Yoshihara, R.	1,728 00	1,697 00	BC/100-P	.....	.....	.....	.....
12001	256	Nagao, M.	2,405 00	2,362 00	BC/101-P	.....	.....	.....	.....
7354	69	Nakahara, H.	2,187 00	2,147 00	BC/2554-A	.....	.....	.....	Subdivision—see appendix 5.
6928	322	Nakamura, M.	1,000 00	982 00	BC/1682-B	.....	.....	.....	.....
13467		Nakamura, H.	818 00	803 00	BC/104-P	.....	.....	.....	.....
7367	66	Nakano, A.	2,913 00	2,560 00	BC/661-A	.....	.....	.....	.....
7368	122	Nakano, A.	Included above	500 00		.....	.....	.....	.....
5975	43	Nakano, J.				.....	.....	.....	Subdivision—see appendix 1.
5974	43	Nakano, J.				.....	.....	.....	.....

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## STANDING COMMITTEE

File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File	Sold for by VLA \$ cts.	REMARKS
7377	57	Nakano, S.	770 00	756 00	BC/106-P	.....	
7364	67	Nakano, Y.	1,249 00	1,226 00	BC/1170-B	1,226 00	
7373	41	Nakata, Y.	572 00	562 00	BC/108-P	.....	
10457	281	Namba, A.	2,482 00	2,437 00	BC/1593-A	2,437 00	
13049		Namba, S.					
1927	274	Namba, M.	207 00	203 00	BC/2671-B	203 00	
5821	343	Nikaido, M.	644 00	632 00	BC/111-P	.....	
8047	352	Natsuyara, K.	2,363 00	2,320 00	BC/112-P	.....	
3355	65	Nishimoto, K.	250 00	246 00	BC/113-P	.....	
2839	247	Odaguchi, F.	598 00	587 00	BC/217-A	587 00	J.L. 212 also sold same account.
2843		Odaguchi, E.					
8685	318	Odamura, T.	2,955 00	2,902 00	BC/303-A	2,902 00	
8889	277	Odamura, T.	47 00	46 00	BC/116-P	.....	
8087	317	Odamura, T.	304 00	299 00	BC/117-P	.....	
8688		Odamura, N.					
5230	367	Ogawa, S.	53 00	52 00	BC/118-P	.....	
8802	341	Ogawa, R.	1,343 00	1,319 00	BC/2386-B	1,319 00	
5972	308	Ohita, Y.	1,050 00	1,031 00	BC/120-P	.....	
8676		Miyamoto, S.					
8095	39	Oike, K.	3,454 00	3,392 00	BC/121-P	.....	
4837	242	Oka, S.	1,300 00	1,276 00	BC/1881-B	1,276 00	
4838	283	Oka, T.	1,900 00	1,866 00	BC/1543-A	1,866 00	
4841		Oka, M.					
5003	11	Okabe, K.	1,139 00	1,118 00	BC/1911-B	1,118 00	
8692	305	Okada, T.	1,051 00	1,032 00	BC/125-P	.....	
8666		Karatsu, N.					
4222	95	Okahashi, M.	133 00	131 00	BC/126-P	.....	
2837	186	Okano, K.	2,404 00	2,360 00	BC/2282-A	2,360 00	
5278	255	Okano, M.	210 00	206 00	BC/128-P	.....	
6974	243	Okii, H.	1,579 00	1,551 00	BC/129-P	.....	
6970		Okii, T.					
6970	219	Okii, T.	48 00	47 00	BC/130-P	.....	
4980	357	Okubo, F.	947 00	930 00	BC/131-P	.....	
8699	4	Omura, S.	600 00	589 00	BC/132-P	.....	
8698	5	Omura, S.	3,010 00	2,995 00	BC/133-P	.....	
2835	163	Onagi, K.	750 00	736 00	BC/2282-A	.....	
9214	115	Mori, H. Mts.	330 00	324 00	BC/135-P	.....	
2543	212	Osato, S.	1,812 00	1,779 00	BC/217-A	1,779 00	J.L. 186 also sold, same account.
4835	100	Ozamoto, M.	995 00	977 00	BC/137-P	.....	
6991	316	Ryoji, K.	1,504 00	1,380 00	BC/1491-B	1,380 00	
10105	103	Sakaki, T.	100 00	98 00	BC/139-P	.....	
7359	59	Sakamoto, M.	268 00	263 00	BC/140-P	.....	J.J. 247 also sold, same account.
7374	58	Sano, S.	2,145 00	2,106 00	BC/141-P	.....	

Subdivision—see Appendix No. 6.

Cancelled—title not obtained.  
J.L. 163 also sold same account.

J.L. 186 also sold, same account.

J.J. 247 also sold, same account.



3419	Sawada, T.	986 00	BC/142-P	968 00	1,300 00	Cancelled—title not obtained.
7369	Sawayama, G.	847 00	BC/143-P	832 00	1,300 00	Purchase price \$1,600., sale of stampage \$6.84, J.L. 132 also sold, same account.
Int. 879	Seko, S.	1,324 00	BC/2542-B	1,300 00	1,389 00	This lot sold by public tender together with J.L. 151 to William Minty.
6989	Seto, M.	363 00	BC/145-P	356 00	1,389 00	
2887	Shigem, T.	1,415 00	BC/488-B	1,389 00	1,389 00	
3370	Shigem, T.	901 00	BC/147-P	885 00	1,389 00	
2797	Shimizu, J.	2,028 00	BC/148-P	1,991 00	1,389 00	
11297	Shimoda, K.	507 00	BC/149-P	498 00	1,389 00	
8315	Shimizu, R.	276 00	BC/150-P	271 00	1,389 00	
8703	Shimoi, S.	918 00	BC/151-P	901 00	1,389 00	
9227	Shimoi, K.	900 00	BC/152-P	884 00	1,389 00	
9401	Shin, S. Z.	1,861 00	BC/2058-A	1,827 00	1,389 00	
9402	Shin, Y.	752 00	BC/154-P	738 00	1,389 00	
6993	Shishido, E.	1,000 00	BC/155-P	982 00	1,389 00	
3417	Shono, K.	699 00	BC/2110-B	686 00	1,389 00	
12276	Shoji, G. Y.	1,305 00	BC/157-P	1,404 28	1,389 00	
Int. 1347	Sunada, T.	96 00	BC/158-P	95 00	1,389 00	
6161	Tada, G.	505 00	BC/159-P	496 00	1,389 00	
8706	Tada, T.	1,260 00	BC/269-B	1,237 00	1,389 00	
5453	Tahara, R.	102 00	BC/161-P	100 00	1,389 00	
1496	Tahara, T.	525 00	BC/162-P	516 00	1,389 00	
11617	Takagi, D.	1,116 00	BC/163-P	1,180 00	1,389 00	
4971	Takahash, T.	1,200 00	BC/372-B	1,178 00	1,389 00	
8710	Takasaki, S.	260 00	BC/164-P	255 00	1,389 00	
8710	Takasaki, S.	1,300 00	BC/1589-B	1,277 00	1,389 00	
7357	Takashima, T.	240 00	BC/2598-B	236 00	1,389 00	
8003	Takashima, Y.	2,184 00	BC/168-P	2,145 00	1,389 00	
60	Takeshita, T.	468 00	BC/169-P	460 00	1,389 00	
70	Takeuchi, M.	833 00	BC/170-P	818 00	1,389 00	
9612	Takeuchi, Y.	495 00	BC/171-P	486 00	1,389 00	
9410	Takeuchi, H. (Mrs.)	179 00	BC/172-P	176 00	1,389 00	
9405	Takiguchi, H.	Nil	BC/173-P	269 00	1,389 00	
8714	Takimoto, Y.	274 00	BC/1906-A	2,122 00	1,389 00	
6661	Kakumasa, S.	2,161 00	BC/175-P	2,091 00	1,389 00	
158	Tamura, J.	2,130 00	BC/1-P	664 00	1,389 00	
6968	Tamura, M.	676 00	BC/176-P	736 00	1,389 00	
5280	Tamura, Y.	750 00	BC/525-B	513 00	1,389 00	
5316	Tamura, M.	522 00	BC/2359-B	1,765 00	1,389 00	
5279	Tamura, T.	1,797 00	BC/179-P	1,105 00	1,389 00	
4840	Tanaka, S.	1,125 00	BC/745-A	2,525 00	1,389 00	
4840	Tanaka, S.	196 00	BC/181-P	290 00	1,389 00	
4844	Tanaka, Y.	2,572 00			1,389 00	
4845	Tanaka, M.	96 00			1,389 00	
5287	Taniguchi, R.	96 00			1,389 00	
5287	Taniguchi, R.	262 00			1,389 00	
6978	Tateishe, T.	295 00			1,389 00	

Subdivision—see Appendix 1.

Title not obtained.

Subdivision—see Appendix No. 6.

File No.	J. L.	Name	Appraisal	Sale Price	VLA File	Sold for by VLA	REMARKS
			\$ cts.	\$ cts.		\$ cts.	
5958	52	Tazumi, A.....	1,200 00	1,178 00	BC/182-P		Subdivision—see Appendix 8.
5958	52	Tazumi, A.....	175 00	172 00	BC/183-P		
2925	379	Tokuyasu, Y.....	388 00	381 00	BC/184-P		
4320	102	Teramura, N.....	930 00	913 00	BC/185-P		
2852	152	Tomita, M.....	1,012 00	994 00	BC/4-P		
3399	131	Ikeda, Y.....	488 00	479 00	BC/2623-B	479 00	
3411		Tsujita, T.....	605 00	594 00	BC/187-P		Cancelled, title not obtained.
3411	344	Tsujita, T.....	336 00	330 00	BC/188-P		
13554	37	Tsujihara, T.....	434 00	426 00	BC/189-P		
9321	160	Tsuyuki, I.....	1,219 00	1,197 00	BC/2058-A	1,197 00	
9821	132	Uchimaru, I.....	174 00	171 00	BC/191-P		
4821	323	Uchimaru, K.....	1,088 00	1,068 00	BC/192-P		J. L. 123 also sold, same account. Purchase being cancelled.
9416	347	Umetsu, K.....	1,265 00	1,242 00	BC/1918-B	1,242 00	
Int. 1414		Ura, I.....	1,750 00	1,718 00	BC/194-P		
4842	189	Utsunomiya, G.....	563 00	553 00	BC/195-P		
4839	206	Uyeno, H.....	293 00	288 00	BC/196-P		
Int. 366	124	Wada, K.....	1,580 00	1,551 00	BC/197-P		
3866	380	Wakahara, S.....	2,726 00	2,677 00	BC/198-P		
4823	392	Wakayama, K.....	1,514 00	1,487 00	BC/199-P		
13057	97	Yakashiro, T.....	1,222 00	1,200 00	BC/200-P		
5451	364	Yakashiro, T.....	1,614 00	1,585 00	BC/2597-B	1,585 00	
5451	356	Taniguchi, K.....	50 00	49 00	BC/202-P		
6660	253	Yamaga, Y.....	50 00	49 00	BC/202-P		
7371	44	Yamanoto, K.....	1,416 00	1,390 00	BC/1912-B	1,390 00	
7371	44	Yamanoto, R.....	685 00	673 00	BC/204-P		
7370	62	Yamanoto, T. now Taku, T.....	2,080 00	2,042 00	BC/2316-B	2,042 00	
11243	207	Yamanoto, U.....	590 00	579 00	BC/206-P		
8716	278	Yamasaki, N.....	738 00	725 00	BC/207-P		
8717	139	Yamasaki, G.....	1,028 00	1,009 00	BC/208-P		
6992	315	Yoshizaki, Y.....	775 00	741 00	BC/209-P		
12228		Yokoyama, A.....	1,420 00	1,394 00	BC/210-P		
6663	165	Yokoyama, T.....	978 00	960 00	BC/211-P		
6662	218	Yokoyama, T.....	2,765 00	2,715 00	BC/1272-A	2,715 00	
6976	291	Yoneyama, R.....	1,681 00	1,651 00	BC/1939-B	1,651 00	
8719	312	Yoshida, G.....	1,925 00	1,890 00	BC/2163-A	1,890 00	
8721	208	Yoshida, M.....	3,689 00	3,622 00	BC/215-P		
5288	190	Yoshida, E.....	1,550 00	1,522 00	BC/1544-B	1,522 00	
6975	104	Yoshida, E.....					
6972	691	Yoshihara, R.....					
7383	99	Yoshikawa, S.....					

Int. 1357	257	Yoshino, K.	1,705 00	1,674 00	BC/2047-B	1,674 00	
10660	9	Yoshioka, A.	1,822 00	1,789 00	BC/105-P		
7373	8	Yoshioka, K.	1,376 00	1,351 00	BC/97-P		
376	231	Aratake, S.	943 00	926 00	BC/353-P		
5995	228	Adachi, Y.	431 00	423 00	BC/2264-A	423 00	
5994	205	Anano, S.	475 00	466 00	BC/2520-B	466 00	
3864	109	Endo, T.	1,081 00	1,061 00	BC/356-P		
3941	244	Eto, S.	2,857 00	2,835 00	BC/337-P		
5089	227	Fugikawa, S.	1,235 00	1,232 00	BC/338-P		
5990	202	Fugikawa, G.	980 00	962 00	BC/2267-B	962 00	
6685	266	Handa, M.	78 00	76 00	BC/360-P		
5983	743	Haraga, M.	1,246 00	1,223 00	BC/361-P		
4965	18	Hinausu, Y.	1,870 00	1,854 00	BC/362-P		
5977	191	Horizaki, F.	1,694 00	1,663 00	BC/363-P		
13930	678	Inamura, K.	1,009 00	991 00	BC/364-P		
13930	678	Inamura, K.	1,649 00	1,619 00	BC/215-A		
4988	295	Inamura, K.	389 00	382 00	BC/365-P		
4498	293	Inouye, S.	840 00	825 00	BC/366-P		
4618	112	Kaminura, K.	1,379 00	1,354 00	BC/367-P		
4528	301	Kasura, S.	1,251 00	1,228 00	BC/368-P		
5983	340	Kawana, K.	2,694 00	2,656 00	BC/2048-A	2,656 00	
305	234	Kinoshita, M.	485 00	476 00	BC/370-P		
4619	200	Kodama, S.	2,114 00	2,076 00	BC/371-P		
13387	265	Kunimoto, S.	1,639 00	1,609 00	BC/660-P		
5981	245	Kusano, A.	1,653 00	1,623 00	BC/372-P		
8652	252	Mariyama, S.	726 00	713 00	BC/373-P		
3961		Mariyama, S.					
5430	289	Masuda, S.	797 00	783 00	BC/661-P		
5979	221	Matsu, I.	1,385 00	1,360 00	BC/374-P	1,061 40	
6624	203	Matsumoto, S.	340 00	334 00	BC/736-P		
8675	238	Matsuoka, H.	738 00	725 00	BC/375-P		
4524	679	Miki, M.	2,555 00	2,509 00	BC/376-P		
3945	251	Mimura, T. J.	2,686 00	2,644 00	BC/377-P		
4506	225	Miyasaki, S.	2,255 00	2,214 00	BC/2152-A	2,189 00	
7366	248	Morikawa, K.	998 00	980 00	BC/379-P		
4990	294	Morikawa, T.	1,007 00	989 00	BC/380-P		
5976	233	Murakami, H.	450 00	442 00	BC/381-P		
3957	298	Nakamura, S.	1,250 00	1,227 00	BC/382-P		
3955	65	Nishimoto, K.	2,942 00	2,889 00	BC/383-P		
4512	267	Noda, G.	192 00	189 00			
4512	267	Noda, G.	1,075 00	1,055 00	BC/2151-A	1,055 00	
4496	237	Ogata, K.	2,224 00	2,184 00	BC/385-P		
Int. 1268		Nakagawa, G.					
4226	239	Oka, U. (Mrs.)	488 00	479 00	BC/386-P		
7832	250	Orida, I.	620 00	609 00	BC/387-P		
3949	240	Orida, M.	663 00	651 00	BC/388-P		
4991	300	Oye, C.	2,100 00	2,062 00	BC/343-A	2,062 00	

Subdivision—see Appendix No. 9.

Subdivision—see Appendix No. 4.  
Subdivision—see Appendix No. 4.

V.L.A. records this as L.J. 197.

Subdivision—see Appendix No. 9.

1 part sold, 1 part remaining  
(BC/2441-B).0.888 acres sold to Munic. of Matsqui  
for \$25.00.

Title not obtained.

Cancelled, title not obtained.



File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File \$ cts.	Sold for by VLA \$ cts.	REMARKS
9310	260	Saito, T.	792 00	778 00	BC/390-P	.....	
5577	222	Saneshima, M.	1,892 00	1,858 00	BC/391-P	.....	
3864	223	Sasaki, R.	3,278 00	3,219 00	BC/392-P	.....	
7038	174	Sato, S.	1,555 00	1,527 00	BC/393-P	.....	
5184	204	Shilaze, Y.	390 00	382 00	BC/394-P	.....	
5436	204	Shikaze, Y.	292 00	287 00	BC/394-P	.....	
Int. 713	121	{Shirakawa, T.	1,826 00	1,793 00	BC/395-P	.....	Cancelled, title not obtained.
4602}		{Inaba, M.					
5061	230	Sugiyama, K.	1,849 00	1,816 00	BC/396-P	.....	
4653	302	Tahara, S.	726 00	713 00	BC/397-P	.....	
4500	303	Taise, H.	812 00	797 00	.....	.....	Foreclosed.
5531	292	Tajiri, K.	475 00	466 00	BC/398-P	.....	
8708	201	Takake, K.	610 00	600 00	BC/399-P	.....	
7040	324	Tanaka, T.	456 00	448 00	BC/400-P	.....	
4504	319	Taniyama, S.	921 00	940 00	BC/401-P	.....	
Int. 14855		{Tateishi, I. (Dec'd)					Withdrawn—died prior to 26/2/42.
3941}	226	{Eto, S.	672 00	660 00			
5000}		{Okabe, T.					
13386	259	Tsutsumi, H.	2,067 00	2,030 00	BC/402-P	.....	
4502	299	Tsutsumi, M.	1,266 00	1,204 00	BC/403-P	.....	
14041	296	Yamada, S.	2,370 00	2,327 00	BC/404-P	.....	
13355	240	Yamamoto, I.	1,340 00	1,316 00	BC/405-P	.....	
5044	268	Yamamoto, K.	800 00	785 00	BC/2567-A	785 00	
13742	235	Yamamoto, S.	1,795 00	1,762 00	BC/2488-A	1,762 00	
5582	232	Yanoshita, S.	470 00	461 00	BC/2596-B	461 00	
5953	229	Yasumatsu, K.	2,453 00	2,409 00	BC/409-P	.....	
Int. 725	297	{Yonemitsu, K. (in U.S.A.)	1,555 00	1,527 00	BC/410-P	.....	
3965	371	Abo, K.	735 00	722 00	BC/283-P	.....	
8052	333	Akaye, K.	161 00	158 00	BC/298-P	.....	
3333	335	Chiba, K.	245 00	241 00	BC/299-P	.....	
8653	394	Eto, B.	1,136 00	1,115 00	BC/2674-C	1,115 00	
3967	370	Eto, K.	1,732 00	1,701 00	BC/2598-A	1,701 00	
3967	370	Eto, K.	453 00	455 00	BC/2598-A	455 00	
6642	332	Fujimoto, M.	1,659 00	1,629 00	BC/1440-A	1,629 00	
Int. 1276	336	{Ishikawa, J.	200 00	196 00	BC/469-C	196 00	Cancelled, title not obtained.
7384}		{Ishikawa, I.					
8646	327	Kinoshita, S.	1,483 00	1,456 00	BC/331-P	.....	
3923	328	Fukumoto, K.	1,290 00	1,267 00	BC/2065-A	1,267 00	
10225	330	Kamachi, O.	1,000 00	982 00	BC/333-P	.....	
3959	334	Kinoshita, K.	1,263 00	1,240 00	BC/2312-B	1,240 00	
3959	334	Kinoshita, K.	50 00	49 00	BC/2312-B	.....	
13004	326	Kinoshita, K.	465 00	456 00	BC/335-P	.....	Cancelled, title not obtained.

13004	326	Kinoshita, K.	110 00	108 00	BC/335-P	2,042 00	
3921	676	Kitagawa, M.	2,080 00	2,042 00	BC/2387-A		Sold, July, 1942.
9053	744	Masuhara, A.	1,303 00	1,011 00		559 00	
8650	381	Mochizuki, T.	569 00	559 00	BC/541-B	2,006 00	
11544	373	Morishita, N.	2,654 00	2,606 00	BC/289-A		
3119	339	Nagara, G.	182 00	1,179 00	BC/339-P	1,833 00	
8648	406	Nako, H.	1,867 00	1,833 00	BC/554-A		
11519	329	Nishiguchi, M. Co. Ltd.	120 00	118 00	BC/341-P		Cancelled, title not obtained.
11519	329	Nishiguchi, M. Co. Ltd.	660 00	648 00			
11519	329	Nishiguchi, M. Co. Ltd.	1,023 00	1,005 00	BC/342-P		
3963	372	Nitta, M.	1,454 00	1,454 00	BC/343-P		
Int. 1377	337	Oseki, N.	300 00	295 00	BC/2555-A		
1656	338	Oshiro, E.	174 00	171 00	BC/344-P	171 00	J. L. 368 also sold, same account.
8981	325	Ota, U.	496 00	487 00			
9072	355	Oyama, S.	1,833 00	1,800 00	BC/1182-A	1,800 00	
8045	393	Shabamoto, Y.	750 00	736 00	BC/346-P		
11415	382	Shibata, C.	607 00	596 00	BC/1494-B		
3947	404	Shigehiro, O.	986 00	968 00	BC/422-A	596 00	
3943	369	Takaoka, H.	1,312 00	1,288 00	BC/350-B	968 00	
3953	368	Takeda, F.	2,242 00	2,201 00	BC/2555-A	1,288 00	
3953	368	Takeda, F.	1,173 00	1,152 00	BC/351-P	2,201 00	
3969	331	Yokoyama, M.	1,495 00	1,468 00	BC/1139-A	1,468 00	J. L. 338 also sold, same account.
7551	719	Asano, M.	111 00	109 00	BC/617-P		
8786	692	Fujino, B.	1,021 00	1,002 00	BC/618-P	1,002 00	Sold in two parts. (BC/2404-B and BC/2631-B).
5401	63	Fujishige, T.	546 00	536 00	BC/1701-A	536 00	
4939	587	Furutani, C.	1,915 00	1,880 00	BC/620-P		
8630	652	Goto, B.	589 00	578 00	BC/621-P		
Int. 1298	717	Goto, M.	56 00	55 00	BC/2167-A	55 00	J. L. 709 also sold, same account.
5612	588	Goto, T.	425 00	417 00	BC/473-P		
8644	650	Goto, Y.	23 00	23 00	BC/1375-B		
8644	650	Goto, Y.	1,567 00	1,539 00		1,620 90	P. I. Effected \$58.90.
13566	718	Goto, Y.	598 00	587 00	BC/1603-B	587 00	
4891	553	Hamanishi, S.	121 00	119 00	BC/623-P		
Int. 959	641	Hashimoto, Y.	46 00	45 00	BC/624-P		
4938	434	Hikida, K.	3,284 00	3,225 00	BC/625-P		
5592	590	Ibuki, M.	2,411 00	2,367 00	BC/1641-A	2,367 00	
12519	591	Ikeda, T.	94 00	92 00	BC/626-P		
6897	646	Inaba, T.	1,910 00	1,875 00	BC/2251-B	1,875 00	
4942	673	Inaba, Y.	1,285 00	1,262 00	BC/1680-B	1,262 00	
4931	674	Kamada, T.	1,728 00	1,697 00	BC/2440-A	1,697 00	
7545	439	Kasumi, K.	56 00	55 00	BC/628-P		
8063	663	Kawata, T.	1,836 00	1,803 00	BC/2474-B	1,803 00	Purchase price \$2,500.00 sale of granary, for \$160.00.
13673	693	Koizumi, Y. (Dec'd)	1,720 00	1,689 00	BC/2449-A	2,340 00	
8043	716	Mariyama, T.	1,045 00	1,026 00	BC/2429-A	1,026 00	
6895	647	Miyazaki, S.	613 00	620 00	BC/2289-B	602 00	

File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File \$ cts.	Sold for by VLA \$ cts.	REMARKS
8621}	648	Mukai, Y.	780 00	766 00	BC/2033-B	766 00	
6185}	694	Mukai, K.	1,380 00	1,355 00	BC/2635-A	1,355 00	
8640	695	Naga, H.	1,610 00	1,581 00	BC/2395-A	1,581 00	
5591	664	Nagamori, M.	2,066 00	2,029 00	BC/442-P		
5599		Nagasaka, K.					
7035}	593	Nishiyama, T.	2,634 00	2,586 00	BC/1080-A	2,586 00	
4588}	640	Nishiyama, Y.	269 00	264 00	BC/1948-B	264 00	
8632	651	Note, K.	240 00	236 00	BC/428-P		
4948	608	Okawa, E.	183 00	180 00	BC/429-P		
5613	635	Okawa, H.	144 00	141 00	BC/1366-B	141 00	
3377	715	Okawa, T.	1,601 00	1,572 00	BC/671-B	1,572 00	
5590	666	Okawa, U.	1,963 00	1,927 00	BC/2111-A	1,927 00	
8629		Okabe, K.					
1654}	594	Onotera, H.	626 00	615 00	BC/630-P		
5127}	634	Onotera, T.	5,533 00	5,433 00	BC/2410-A	5,433 00	
8617	595	Otsuki, N.	2,845 00	2,793 00	BC/631-P		
10352	714	Oyakawa, T.	1,206 00	1,184 00	BC/1388-B	1,184 00	
8626	632	Sakai, S.	190 00	187 00	BC/1366-B	187 00	
5125	606	Sakurai, S.	474 00	465 00	BC/601-P		
7544	596	Sakurai, S.	1,775 00	1,743 00	BC/330-P		
8631	631	Sano, N.	1,241 00	1,219 00	BC/420-P	1,050 00	1 part sold, 1 part remaining (BC/2709-B)
6896		Saruwatani, H.					
8629	667	Sato, K.	2,337 00	2,295 00	BC/1962-A	2,295 00	
5598	607	Sasaki, K.	652 00	640 00	BC/452-P		
8638	695	Sato, M.	524 00	514 00	BC/1599-B	514 00	
8635	668	Shudo, S.	447 00	439 00			
190	712	Sugawara, U.	47 00	46 00	BC/634-P		
Int. 4944	669	Sumioka, T.	926 00	909 00	BC/423-P	909 00	(Sold in 2 parts) (BC/2396-B and BC/2444-B) ..
5607	552	Suzuki, G.	285 00	280 00	BC/455-P		
4945	670	Suzuki, K.	1,394 80	1,369 00	BC/2496-A	1,746 00	
5602	598	Suzuki, K.	384 00	377 00			
5557	598	Suzuki, S.	418 00	410 00	BC/414-P		
11499	633	Suzuki, J.	1,967 00	1,931 00	BC/275-B	1,931 00	
7540	713	Suzuki, G.	116 00	114 00	BC/635-P		
8625	599	Taguchi, K.	376 00	369 00	BC/2499-B	369 00	
4893	630	Takahashi, K.	242 00	238 00	BC/636-P		
8620	711	Takahashi, S.	791 00	777 00	BC/605-P	487 00	1 part sold, 1 part remaining (BC/2383-B)

Int.



1894	Takata, H. Y.	601	631 00	669 00	BC/480-P	955 00	Subdivision—see Appendix No. 10.
8634	Takahashi, T.	675	1,013 00	995 00	BC/2078-B	1,264 00	Sold in 2 parts (BC/2131-B and BC/2145-B).
8623	Takayama, Y.	671	1,287 00	1,264 00	BC/603-P	931 00	
5148	Takahashi, S.	628	948 00	931 00	BC/2049-B	1,023 00	
8636	Takenaka, S.	600	1,042 00	1,023 00	BC/2382-A	1,970 00	Sold in 2 parts (BC/1788-B and BC/1955-B).
9518	Tamaki, F.	600	2,057 00	2,020 00	BC/610-P		Subdivision—see Appendix No. 10.
9518	Tamaki, F.	600	269 00	264 00	BC/735-P		J.L. 717 also sold, same account.
8618	Uno, A.	672	94 00	92 00	BC/515-P	903 00	Fire loss recovery \$525 00 ..
1718	Ura, T.	629	1,908 00	1,970 00	BC/517-P	100 00	Withdrawn
4926	Wakoi, S.	602	148 00	145 00	BC/515-P		Sold to Kennedy Community Hall Association.
4889	Wakai, C.	602	1,786 00	1,754 00	BC/450-P	906 00	1 part sold, 1 part remaining (BC/2225-B).
5421	Yanoshita, T.	29	45 00	44 00	BC/638-P		Cancelled—not suitable.
4928	Yukawa, Y.	709	1,011 00	993 00	BC/2167-A	2,077 00	
8642	Yukawa, Y.	554	1,380 00	1,355 00	BC/2103-B	1,449 00	
5606	Enia, T.	402	1,459 00	1,433 00	BC/2247-B	1,823 84	
7531	Fujii, Y.	437	606 00	595 00	BC/522-P		Subdivision—see Appendix No. 17.
3839	Fujiki, H.	445	683 00	671 00	BC/528-B		Five lots of this subdivision sold—Three lots remaining to be sold (BC/1356-B, BC/1385-B, BC/1391-B, BC/1426-B and BC/2037-B).
13800	Fujinami, S.	397	42 00	41 00	BC/240-P		Sub-division. See appendix No. 11.
4929	Fukunaga, G.	508	455 00	437 00	BC/525-P		Sub-division. See appendix No. 3.
6893	Fukushima, T.	485	1,112 00	1,092 00	BC/240-P		2 parts sold, 1 remaining. (BC/2665-B and BC/2686-B).
7882	Hasebe, Y.	621	53 00	52 00	BC/240-P		
9831	Hashimoto, N.	435	222 00	218 00	BC/520-P		
10034	Higa, K.	589	2,115 00	2,077 00	BC/1238-B		
4938	Hikida, K.	434	1,476 00	1,449 00	BC/1879-A		
3841	Hirasawa, T.	477	2,421 00	2,377 00	BC/522-P		
4890	Hirose, A.	547	36 00	35 00	BC/523-P		
4940	Hirose, T.	572	621 00	610 00	BC/2382-B		
4941	Hirose, C.	906	575 00	565 00	BC/525-P		
10036	Honda, G.	413	1,476 00	1,449 00	BC/240-P		
3912	Hoshiko, T.						
2912	Hoshiko, T.	413	55 00	54 00	BC/240-P		
3885	Ikeda, G.	436	308 00	302 00	BC/526-P		
6775	Imahashi, I.	440	2,026 00	1,989 00	BC/527-P		
6906	Imahashi, T.	471	3,693 00	3,626 00	BC/528-P		
5080	Imamasu, H. Y.	441	376 00	369 00	BC/2142-B		
4979	Inokuchi, Y.	433	1,650 00	1,620 00	BC/1910-B		
8788	Inouye, Z.	653	3,880 00	3,908 00	BC/530-P		
10039	Ioki, H.	638	679 00	667 00	BC/1274-B		
3875	Ito, G.	401	1,041 00	1,022 00	BC/532-P		

File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File	Sold for by VLA \$ cts.	REMARKS
4240	399	Ito, K.	228 00	224 00	BC/533-P		Sold in 2 parts. (BC/785-A and BC/1140-A).
4242	398	Ito, S.	3,777 00	3,709 00	BC/534-P	3,709 00	
6894	443	Kado, S.	1,101 00	1,081 00	BC/535-P		Cancelled. Title not obtained. Purchase price \$4,000.
13495	444	Kado, S.	382 00	375 00	BC/536-P		
4935	438	Kanal, F.	3,750 00	3,682 00	BC/2699-A	4,000 00	
11862	494	Kato, T.	296 00	291 00	BC/2430-B	291 00	
7545	439	Katsumi, K.	617 00	606 00	BC/538-P		
6916	414	Kimura, T.	225 00	221 00	BC/1811-C	221 00	
799	637	Kimura, S.	472 00	463 00	BC/372-C	463 00	
1249}		Imahori, K.					
3845	442	Kosugi, U.	1,060 00	1,041 00	BC/458-P		
6910	468	Kubodera, Y.	1,430 00	1,404 00	BC/2595-A	1,404 00	
7558	499	Kurahara, C.	502 00	493 00	BC/1647-B	493 00	
3851	478	Kurio, K.	95 00	93 00	BC/541-P		
3851	478	Kurio, K.	799 00	785 00	BC/541-P		1 part sold, 1 part remaining (BC/2604-B).
6892	403	Maeno, K.	1,870 00	1,836 00	BC/542-P	1,125 00	1 part sold, 1 part remaining (BC/2664-B).
3877	448	Maruno, T.	1,325 00	1,301 00	BC/543-P	815 00	
3881	745	Mori, S.	661 00	649 00	BC/544-P		
7719	569	Morimoto, S.	550 00	540 00	BC/1553-B	540 00	
6903	644	Morioka, K.	3,373 00	3,312 00	BC/546-P		Subdivision—see appendix 3.
4236}		Mototsune, K.					
3873}	576	Mototsune, T.	387 00	380 00	BC/1685-B	380 00	
7532	461	Nagarabu, C.	1,159 00	1,138 00	BC/632-B	1,138 00	
6904	643	Nakamura, H.	2,992 00	2,938 00	BC/549-P		Subdivision—see appendix 3.
3847	432	Nakamura, J.	260 60	255 00	BC/2443-B	335 00	
3847	432	Nakamura, J.	245 00	241 00	BC/550-P		
6899	475	Nakamura, S.	1,600 00	1,571 00	BC/437-P		Subdivision—see appendix 3.
13433	546	Nakano, S.	299 00	294 00	BC/551-P		
10203	329	Nishiguchi, M.	3,822 00	3,753 00	BC/552-P		
6366	573	Nishinata, J.	757 00	743 00	BC/1418-B	743 00	
9602	498	Nishioka, S.	3,513 00	3,449 00	BC/553-P		
7041	574	Nobuhara, Z.	821 00	806 00	BC/3-P		
3320	579	Obana, E.	150 00	147 00	BC/554-P		Subdivision—see appendix No. 17.
8555	578	Obana, K.	525 00	516 00	BC/438-P		Subdivision—see appendix No. 7.
4943	508	Ohori, M.	1,994 00	1,958 00	BC/2212-A		
4836	446	Ohori, Y.	214 00	210 00	BC/555-P	1,958 00	
1652	577	Onishi, E.	225 00	221 00	BC/556-P		
8989	487	Onishi, T.	1,045 00	1,026 00	BC/2149-B		
Int. 1186	400	Ono, S.	1,114 00	1,094 00	BC/558-P	1,026 00	Subdivision—see appendix No. 3.

Int. 1186	405	Ono, S.....	1,357 00	1,232 00	BC/559-P	.....	Subdivision—see appendix No. 3—purchase price \$1,332.00.
3628	482	Onodera, K.....	1,060 00	1,041 00	BC/443-P	1,041 00	(2 pts.) V.L.A. records show J.L. 582 for (BC/2261-B and BC/2393B) this property.
5615	469	Osaka, G.....	178 00	175 00	BC/560-P	.....	
3769	470	Otani, T.....	250 00	246 00	BC/561-P	.....	
8982	450	Otsuki, S.....	3,346 00	3,286 00	BC/562-P	.....	
4626	450 A	Otsuki, T.....	669 00	657 00	BC/2114-B	657 00	
7528	449	Rugin, M.....	737 00	724 00	BC/1410-B	724 00	
6902	583	Sano, S.....	1,618 00	1,589 00	BC/470-P	.....	
3835	506	Sassa, T.....	800 00	785 00	BC/504-P	.....	
3887	482	Sato, A.....	1,278 00	1,255 00	BC/1369-A	1,255 00	Subdivision—see appendix No. 13.
7536	476	Sato, T.....	3,579 00	3,514 00	BC/566-P	.....	
3918	412	Shigehiro, S.....	1,114 00	1,094 00	BC/2132-B	1,094 00	Subdivision—see appendix No. 13.
7338	597	Shimamoto, T.....	418 00	411 00	BC/2132-B	411 00	
2298	488	Shimamoto, S.....	1,064 00	1,045 00	BC/1890-B	1,045 00	
6908	483	Shinohara, K.....	1,587 00	1,558 00	BC/569-P	.....	
1506	486	Shintani, N.....	346 00	340 00	BC/467-P	.....	
3914	545	Takahashi, M.....	565 00	555 00	BC/570-P	.....	Cancelled—title not obtained.
14856	447	Tanaka, K.....	50 00	49 00	BC/571-P	.....	
3879	642	Tanaka, G.....	32 00	42 00	BC/571-P	.....	
8782	636	Tanizaki, M.....	1,000 00	982 00	BC/412-P	.....	Purchase price \$32.00.
4937	740	Tashima, H.....	1,342 00	1,318 00	BC/479-P	.....	Cancelled—title not obtained.
					BC/572-P	1,318 00	Subdivision—see appendix No. 17.
							(Sold in 2 parts) (BC/1561-B and BC/1635-B).
3853	575	Tomita, H. (In trust).....	1,402 00	1,377 00	BC/469-P	1,377 00	2 parts sold, 1 part remaining (BC/2346-B and BC/2590-B).
906	481	Tsuchida, S.....	1,194 00	1,173 00	BC/2351-B	1,173 00	
8780	680	Tsuchimoto, Y.....	525 00	515 00	BC/641-P	.....	
4930	486	Tsuchishima, H.....	816 00	801 00	BC/574-P	504 50	1 part sold, 1 part remaining (BC/2292-B).
10156	581	Tsumura, A.....	143 00	140 00	BC/575-P	.....	
7424	462	Tsumura, C.....	1,641 00	1,611 00	BC/745-P	1 00	(pt. only) to Secretary of State.
5614	544	Ujiye, F.....	824 00	809 00	BC/475-P	249 88	2 parts sold, 1 part remaining. (BC/2123-B and BC/2173-B).
3837	507	Ujiye, S.....	179 00	176 00	BC/577-P	.....	
8781	510	Urano, S.....	1,611 00	1,582 00	BC/1026-A	1,582 00	
6900	540	Watanabe, T.....	1,488 00	1,461 00	BC/2166-A	1,461 00	
11116	472	Watanabe, U.....	3,037 00	2,982 00	BC/580-P	.....	
7527	463	Yamasaki, S.....	116 00	114 00	BC/486-P	.....	
7527	463	Yamasaki, S.....	691 00	678 00	BC/406-P	231 85	Subdivision—see appendix No. 11.
							Purchase price \$800.00, 1 part sold (BC/2406-B), 1 part remaining.
5447	570	Yamashita, M.....	1,617 00	1,588 00	BC/576-P	.....	Subdivision—see appendix 3.
3889	484	Yasu, S.....	691 00	678 00	BC/573-P	.....	
12336	479	Yoshioka, Y.....	270 00	265 00	BC/519-P	.....	
3783	422	Fuji, H.....	750 00	800 00	BC/487-P	.....	
3783	422	Fuji, H.....	1,741 00	1,850 34	BC/2200-B	1,850 34	Subdivision—see appendix No. 12.
3362	396	Hinatsu, K.....	2,492 00	2,447 00	BC/294-A	2,447 00	



File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File	Sold for by VLA \$ cts.	REMARKS
4064	429	Hirashima, Y.....	892 00	876 00	BC/847-B	876 00	Subdivision—see appendix No. 12.
10465	428	Hosaka, C.....	985 00	967 00	BC/2553-B	967 00	
7363	424	Ito, M.....	373 00	366 00	BC/492-P		
10657	453	Kaita, K.....	241 00	237 00	BC/493-P		
3765	404	Kaita, S.....	778 00	764 00	BC/494-P		Cancelled, title not obtained.
8664	431	Kaita, T.....	1,200 00	1,178 00	BC/416-P		
4218	455	Kamiya, J.....	1,024 00	1,005 00	BC/495-P		
3830	430	Katsumoto, J.....	775 00	761 00	BC/496-P		
4603	417	Kishiyama, K.....	700 00	687 00	BC/497-P		Sold February, 1943.
10987	420	Kitagawa, S.....	614 00	603 00	BC/498-P		
4216	454	Kobavashi, S.....	727 00	714 00	BC/499-P		
4206	423	Minaki, K.....	860 00	785 00	BC/440-P		
7380	388	Miyada, Y.....	883 00	867 00	BC/500-P	1,439 00	
8679	419	Mori, K.....	1,465 00	1,439 00	BC/1450-A	2,674 00	
7281	383	Nagamatsu, D.....	2,723 00	2,674 00	BC/272-B		
8684	421	Nagamatsu, G.....	775 00	761 00	BC/503-P		
1540	427	Nagamatsu, S.....	550 00	540 00	BC/504-P		Purchase price \$300.00.
7379	418	Nagamatsu, S.....	93 00	91 00	BC/1352-B		
1482	426	Nagamatsu, T.....	1,224 00	1,202 00	BC/505-P	1,202 00	
4204	384	Nishizawa, U.....	600 00	589 00	BC/506-P		
4200	411	Nishizaki, T.....	809 00	794 00	BC/1249-A	837 00	Subdivision—see appendix No. 15— Purchase price \$3,044.00. J. L. 734 and 738 also sold, same account.
4198	416	Osaki, K.....	852 00	837 00	BC/675-P		
1720	395	Osato, F. S.....	838 00	823 00	BC/2618-A	1,142 00	
4249	459	Saito, S.....	1,163 00	1,142 00	BC/508-P		
8273	387	Saito, S.....	775 00	761 00	BC/509-P		Subdivision—see appendix No. 12.
5969	385	Sakamoto, K.....	2,089 00	2,051 00	BC/328-B	1,216 00	
4235	425	Suzuki, S.....	1,238 00	1,216 00	BC/510-P		
4255	425	Suzuki, S.....	363 00	356 00	BC/424-P		
4233	410	Tatsumi, S.....	850 00	835 00	BC/6678-P		Purchase price \$300.00.
4231	457	Teramura, C.....	422 00	414 00	BC/511-P		
3663	457	Teramura, K.....	83 00	82 00	BC/512-P		
4209	458	Umemoto, Y.....	3,001 00	2,947 00	BC/2673-B	413 00	
5002	677	Yamada, K.....	421 00	413 00	BC/513-P		Subdivision—see appendix No. 15— Purchase price \$3,044.00. J. L. 734 and 738 also sold, same account.
5005	456	Yamada, Y.....	790 00	775 00	BC/2424-B	1,767 00	
5004	389	Yamasaki, I.....	1,800 00	1,767 00	BC/943-P		
10835	557	Doi, T.....	3,100 00	3,004 00	BC/274-B	79 00	
3293	474	Ebata, G.....			BC/426-P	982 00	
741	732	Fujino, M.....	80 00	79 00	BC/2268-B		
3319	733	Fukushima, J.....	2,066 00	2,029 00			
12136	528	Furukawa, S.....	1,009 00	982 00			

1396	Hamamoto, U	1,350 00	1,325 00	BC/673-P	Cancelled—title not obtained.
6643	Hamaura, M	2,081 00	2,043 00	BC/274-B	J.L. 738 and 732 also sold, same account.
12252	Hashimoto, Y	700 00	687 00	BC/2280-B	
3385	Hayashi, E	600 00	589 00	BC/2143-B	
4967	Havasaki, R	1,998 00	1,962 00	BC/2453-B	
4970	Hikida, T	1,800 00	1,767 00	BC/594-P	
4973	Hikida, T	1,198 00	1,176 00	BC/668-P	Sold in 2 parts. (BC/2214-B) and (BC/2388-B).
3308}	Hikida, Y				
1467	Yasui, U				
2915	Shirakawa, K	355 00	349 00	BC/2400-B	
7039	Takahashi, G				
3208}	Hikida, Y				
Int. 1401}	Yoshida, S	3,828 00	3,759 00	BC/645-P	Cancelled—title not obtained.
11275}	Koshiba, T				
7039}	Takahashi, G				
3308}	Hikida, Y				
Int. 1401}	Yoshida, S	1,005 00	988 00		Withdrawn—died prior to 26 February, 1942.
11275}	Koshiba, T				
7039}	Takahashi, G				
3429	Hirata, I	1,712 00	1,681 00	BC/585-P	.09 acre of non-Jap. property at \$25.00—same account.
1755	Hirose, T	201 00	197 00	BC/690-P	
6646	Honmura, K	133 00	131 00	BC/646-P	Subdivision—see appendix No. 15.
1444	Nakamura, G	1,000 00	982 00	BC/229-P	1 part sold, 1 part remaining. (BC/2245-B).
4972	Kawabata, B	1,200 00	1,178 00	BC/647-P	
1608	Kawamoto, C	137 00	134 00	BC/648-P	
5552	Kawase, T	10,568 00	10,377 00	BC/478-P	Sold in 2 parts (BC-1974-A and BC/2543-A).
2304	Kobayashi, K	3,100 00	3,044 00	BC/1922-B	
691	Kochi, Y	500 00	491 00	BC/681-P	
1786	Komori, H	1,779 00	1,747 00	BC/689-P	Cancelled—title not obtained.
1758	Komori, E				
9943}	Komori, M	3,419 00	3,357 00	BC/486-P	Sold in 4 parts—\$80. P.I. effected (BC/2050-B, BC/2038-B, BC/1997-B, BC/2217-B).
1785}	Komori, T				
5133	Konishi, I	2,650 00	2,602 00	BC/270-B	
Int. 484}	Koyanagi, R	258 00	253 00	BC/606-P	
3448}	Koyanagi, S	84 00	82 00	BC/649-P	
2296	Kumagai, S	1,793 00	1,761 00	BC/435-P	Part sold to British Columbia Electric Railway Company.
4976	Matsuba, S	1,105 00	1,085 00	BC/600-P	2 parts sold, BC/2106-C, BC/2428-B, 1 part remaining.
4585}	Miyamoto, M	675 00	663 00	BC/650-P	
10056}	Miyamoto, H				
14389	Mineoka, T	2,026 00	1,989 00	BC/651-P	1 part including bldgs. sold, 1 part remaining (BC/1020-B).

File No.	J. L.	Name	Appraisal \$ cts.	Sale Price \$ cts.	VLA File \$ cts.	Sold for by VLA \$ cts.	REMARKS
4969 4975 4489 7294 3465 3917 661 661 13720 689 9062 5551 11009 9208 9208 4966 3919 4997 3919 3839 5156	605 662 738 549 536 536 537 645 656 559 518 564 564 541 523 534 522 542	Mori, M. Mori, K. Mori, S. Mori, T. Motomura, K. Murakami, A. Murakami, I. Murakami, I. Murakami, K. Myuzuguchi, D. Nakade, S. Nakane, M. Nause, H. K. Nishida, M. Nishida, M. Nishii, K. Nishi, S. Nishi, S. Nishi, S. Nishi, H. Nishii, T.	2,350 00 80 00 80 00 80 00 2,945 00 375 00 896 00 1,407 00 80 00 650 00 2,776 00 4,150 00 1,500 00 1,000 00 2,125 00 1,500 00 975 00 500 00 877 00 218 00 417 00 1,100 00 5,142 00 120 00 80 00 850 00 761 00 1,135 00 1,389 00 1,391 90 3,033 00 1,100 00 1,912 00 725 00 875 00	2,307 00 79 00 79 00 2,892 00 565 00 880 00 1,382 00 79 00 638 00 2,726 00 4,075 00 1,473 00 982 00 2,086 00 1,473 00 1,937 00 591 00 861 00 214 00 409 00 1,080 00 5,049 00 118 00 79 00 835 00 747 00 1,114 00 1,560 00 1,366 00 2,978 00 1,080 00 1,877 00 712 00 859 00	BC/595-B BC/652-P BC/274-B BC/1045-B BC/2479-B BC/2479-B BC/1725-B BC/654-P BC/206-B BC/1172-P BC/596-P BC/596-P BC/483-C BC/301-B BC/2599-C BC/677-P BC/678-P BC/2082-B BC/2353-B BC/750-P BC/680-P BC/587-P BC/655-P BC/588-P BC/581-P BC/2082-B BC/590-P BC/591-P BC/1411-B	79 00 2,892 00 880 00 1,382 00 2,726 00 2,086 00 1,473 00 937 00 587 33 214 00 409 00 1,120 00 1,120 00 859 00	J. L. 732 and 734 also sold, same account.  Withdrawn, sold prior to offer. Sub-division—see Appendix 7.  Purchase price \$491.00. 2 parts sold, 1 part remaining (BC/2144-B, BC/2270-B). J.L. 558 also sold, same account. Sold by Official Administrator. Total purchase price for 3 parcels, \$6,000.  Withdrawn—died prior to 26/2/42.  \$40 P.I. effected—J.L. 535 also sold, same account.
4968 4968 13542 8837 8837 8837 6225 4586 5403 5408 13808 1516 5963 497 1512 5571 1739 1743 699 4608	535 535 539 612 612 612 526 503 509 500 504 497 558 516 529 529 551	Okamoto, H. Okamoto, H. Okimi, N. River Fish Co. Ltd. River Fish Co. Ltd. River Fish Co. Ltd. Sakiyama, F. Sakayama, K. Sasaki, C. Sasaki, G. C. Sasaki, T. Sasaki, S. Sato, I. Shiho, S. Shimano, K. Shimano, S. Shimano, M. Shoji, T.	218 00 417 00 1,100 00 5,142 00 120 00 80 00 850 00 761 00 1,135 00 1,389 00 1,391 90 3,033 00 1,100 00 1,912 00 725 00 875 00	214 00 409 00 1,080 00 5,049 00 118 00 79 00 835 00 747 00 1,114 00 1,560 00 1,366 00 2,978 00 1,080 00 1,877 00 712 00 859 00	BC/2082-B BC/2353-B BC/750-P BC/680-P BC/587-P BC/655-P BC/588-P BC/581-P BC/2082-B BC/590-P BC/591-P BC/1411-B	214 00 409 00 1,120 00 1,120 00 859 00	



9361	Samamoto, Y.....	1,640 00	1,610 00	BC/1371-B	1,610 00		
5457	Suda, K.....	1,268 00	1,245 00	BC/465-P	1,245 00		
12885	Suzuki, Y.....	912 00	896 00	BC/1273-B	896 00		
6684	Taneuchi, K.....	925 00	908 00	BC/1653-B	908 00		
11164	Takahashi, F.....	2,095 00	2,046 00	BC/472-P	2,046 00		
11929	Takeda, H.....	1,032 00	1,013 00	BC/658-P	1,013 00		
13499	Teranishi, F.....	1,062 00	1,043 00	BC/2323-B	1,043 00		
3389	Teshima, N.....	2,076 00	2,038 00	BC/2341-N	2,038 00		
4974	Yamanoto, Y.....	1,927 00	1,892 00	BC/434-P	1,892 00		
4964	Yamanoto, Y.....	1,920 00	1,885 00	BC/2583-B	1,885 00		
6095	Yamanoto, M.....	1,300 00	1,277 00	BC/1334-C	1,277 00		
4229	Yoneda, H.....	1,500 00	1,473 00	BC/650-P	1,473 00		
1733	Yonemoto, G.....	1,512 00	1,485 00	BC/485-P	1,485 00		
4593	Yoshida, K.....	2,092 00	2,054 00	BC/485-P	2,054 00		
Int. 1401	Yoshida, S.....	3,875 00	3,805 00	BC/485-P	3,805 00		
Int. 1041	Yoshida, S.....	1,570 00	1,542 00	BC/657-P	1,542 00		
Int. 722	Yoshisaki, Y.....	1,075 00	1,056 00	BC/1921-A	1,056 00		
2315	Isomura, T.....	7,213 00	7,083 00	BC/2560-A	7,083 00		
9668	Tsuchihashi, G.....	191 00	189 00	BC/608-P	189 00		
11337	Yasuda, T.....	3,829 00	3,760 00	BC/609-P	3,760 00		
10383	Adachi, A.....	875 00	859 00	BC/610-P	859 00		
Int. 1352	Nagamine, N.....	1,440 00	1,414 00	BC/611-P	1,414 00		
140	Nakashima, T.....	2,867 00	2,815 00	BC/2046-A	2,815 00		
5491	Nakashima, T.....	467 00	459 00	BC/792-B	459 00		
5420	Shikaze, K.....	1,543 00	1,515 00	BC/245-P	1,515 00		
2312	Shikaze, M.....	478 00	4,000 00	BC/236-B	4,000 00		
2877	Tatevama, I.....	102 00	100 00	BC/255-P	100 00		
6623	Yamanouchi, K.....	203 00	199 00	BC/258-P	199 00		
6023	Yamanouchi, K.....	3,112 00	3,056 00	BC/261-P	3,056 00		
4047	Akagawa, Y.....	570 00	560 00	BC/270-P	560 00		
Int. 422	Konishi, K.....	2,457 00	2,413 00	BC/273-P	2,413 00		
12895	Kumagai, M.....	450 00	442 00	BC/282-P	442 00		
12900	Kumagai, J.....	1,231 00	1,209 00	BC/1862-B	1,209 00		
1026	Matsushita, C.....	169 00	168 00	BC/139-A	168 00		
11490	Mitsui, S.....	50 00	49 00		49 00		
4241	Sakamoto, M.....	110 00	108 00		108 00		
10021	Takahira, S.....	1,710 00	697 00		697 00		
1759	Takahira, F R.....	1,547 00	1,519 00		1,519 00		
490	Yasuzawa, S.....	Nil	Nil		Nil		
Int. 1342	Hamagaki, I.....						
12995	Kawasaki, M.....						
1342	Kawasaki, M.....						
12995	Konishi, H.....						
1596	Konishi, H.....						
10873	Konishi, H.....						
10873	Konishi, H.....						

Subdivision—see appendix 14,  
Withdrawn.  
Sold in 2 parts (BC/2189-B and BC/  
2216-B).

Sold in 2 parts (BC/1367-B and BC/  
1999-B).  
Sold in 2 parts (BC/2403-B and BC/  
2578-B).  
Sold in 4 parts (BC/1639-B, BC/1605-B,  
BC/1863-B, BC/1812-B).

Withdrawn—offer deficient.  
{ 1 part sold, 1 part remaining  
(BC/2666-A).

Error in original appraisal.  
{ 1 part sold, 1 part remaining  
(BC/2489-B).  
Cash sale.

{ 2 parts sold, 2 parts remaining  
(BC/1529-B & BC/1479-B).

Subdivision—see Appendix No. 16.  
Subdivision—see Appendix 16.

Cash sale.  
Sold June, 1943.

File No.	J. L.	Name	Appraisal	Sale Price	VLA File	Sold for by VLA	REMARKS
			\$ cts.	\$ cts.		\$ cts.	
10875	747	Konishi, S.	750 00	736 00			Sold October, 1938.
10875	749	Konishi, S.	196 00	193 00	BC/733-P		
3441	741	Yamazaki, B.	48 00	48 00	BC/734-P		
768			865, 672 00	849, 999 00			
				3,818 22}			
768			865, 672 00	853, 817 22			
68			62, 684 00	61, 552 00			
700			802, 988 00	792, 265 22			
5427	925	Ayukawa, K.	708 00	694 00	BC/685-P		
4611	918	Ayukawa, S.	1, 434 00	1, 405 00	BC/2672-B	1, 405 00	
5437	921	Ikebuchi, T.	477 00	467 00	BC/730-P		
5333		Hayashi, T.	752 00	737 00	BC/729-P		
9781	920	Takahashi, Y.	640 00	627 00	BC/250-B	627 00	
5580	912	Tomomitsu, H.	123 00	121 00	BC/250-B	121 00	
5580	913	Tomomitsu, H.	350 00	343 00	BC/693-P		
5581	919	Tsui, S. T.	863 00	846 00	BC/697-P		
3006	911	Yanada, S.	935 00	916 00	BC/1646-A	916 00	
9340	924	Nakashima, F.	207 00	203 00	BC/1703-B	203 00	
6909	917	Hinatsu, Y.	345 00	338 00	BC/696-P		
4816	916	Ikeda, A.					
4983		Ikeda, R.					
386A		Sakamoto, M.	584 00	572 00	BC/698-P		
4241	799	Morisawa, N.	594 00	582 00	BC/707-P		
1334		Tamura, T.					
5511	759	Tamuka, K.	1, 127 00	1, 104 00	BC/717-P		
5452		Nishimura, C.	1, 052 00	1, 031 00	BC/721-P		
9599	806	Nishimura, C.	867 00	850 00	BC/720-P		
11357	804	Sakata, M.	964 00	945 00	BC/719-P		
5201	803	Yoshida, C.	550 00	539 00	BC/718-P		
5360	775	Nakashima, E.	746 00	731 00	BC/723-P		
1362	771	Nagata, K.	1, 454 00	1, 425 00	BC/722-P	760 00	(3 parts sold) 6 parts remaining (BC/1895-C).
5959	902	Sumi, C.					
4996	762	Kato, F. T.	1, 041 00	1, 020 00	BC/2133-B	1, 020 00	
Int. 1251	760	Uchiyama, T.	2, 148 00	2, 105 00	BC/2367-B	2, 105 00	
Int. 1251	760	Uchiyama, T.	616 00	604 00	BC/2367-B	604 00	
Int. 4004	574	Tateishi, I.	1, 616 00	1, 584 00	BC/725-P		

Cancelled—title not obtained.

4952}	894	{Kobayakawa, M.....}	1,400 00	1,372 00	BC/724-P	1,544 00
Int. 1330}	781	{Kobayakawa, H.....}	1,576 00	1,544 00	BC/492-B	1,284 00
3273	782	Midada, M.....	1,310 00	1,284 00	BC/2361-B	
1364	783	Murakami, K.....	1,008 00	988 00	BC/711-P	
3277	784	Murakami, T.....	177 00	174 00	BC/712-P	
3277	784	Murakami, T.....	177 00	174 00	BC/712-P	969 00
3269	780	Ito, N.....	989 00	969 00	BC/2079-B	
3275	785	Murakami, M.....	2,390 00	2,342 00	BC/2277-A	2,342 00
3281	795	Okano, K.....	2,986 00	2,926 00	BC/714-P	
3281	795	Okano, K.....	2,986 00	2,926 00	BC/714-P	
2139}	795	{Okano, M.....}	250 00	245 00	BC/715-P	2,000 00
2137	801	Okano, J. S.....	193 00	189 00	BC/716-P	
5141	794	Minamide, B.....	2,840 00	2,783 00	BC/700-P	
5141	797	Minamide, B.....	1,516 00	1,486 00	BC/702-P	
5162}	813	{Minamide, M.....}	3,000 00	2,940 00	BC/704-P	
5166	813	Nagata, K.....	1,174 00	1,150 00	BC/701-P	
5139	796	Sumi, K.....	1,932 00	1,893 00	BC/1336-A	1,893 00
5143	792	Sumi, J. K.....	1,689 00	1,655 00	BC/703-P	
5158	800	Kadonaga, T.....	1,661 00	1,648 00	BC/705-P	
2869	793	Sasaki, K.....	200 00	196 00	BC/706-P	
5164	814	Konishi, K.....	45,484 00	44,573 00		
	42	.....	594 00	582 00		
	1	.....				
	41	.....	44,890 00	43,991 00		

Sold to Henry Frederick Hollings,  
Civilian, as a cash sale.



STANDING COMMITTEE

APPENDIX No. 1.

HANEY SUB-DIVISION

File	Vendor	Purchase Price
J.L. 248	Morikawa, K.	\$ 3,099.00
J.L. 72	Tamura, M. & T.	664.00
J.L. 73	Kumamoto, H. & T.	1,455.00
J.L. 74	Kumamoto, K. & T.	668.00
J.L. 122	Nakano, A.	803.00
TOTAL COST PRICE.....		\$ 6,709.00
Less \$75.00 for buildings sold.....		75.00
		\$ 6,634.00
20 Lots sold—Total Value.....		6,106.59
19 Lots to be sold at.....		\$ 527.41

N.B.—Existing Permanent Improvements valued at \$4,800.00 included in 2 of Lots sold.

APPENDIX No. 2.

MISSION SUB-DIVISION

File	Vendor	Purchase Price
J.L. 22	Tatabe, K.	\$ 746.00
J.L. 54	Tonomura, M.	589.00
J.L. 23	Shikaze, K.	542.00
J.L. 136	Umetsu, K.	1,827.00
J.L. 88	Watanabe, Y.	1,178.00
TOTAL COST PRICE.....		\$ 4,882.00
Less Sale of Buildings on J.L. 22.....		35.00
		\$ 4,847.00
26 Lots sold at.....		3,912.00
4 Lots remaining to be sold at total of.....		\$ 935.00

APPENDIX No. 3.

File	Vendor	Purchase Price
J.L. 471	Imahashi, T.	\$ 3,626.00
J.L. 400	Ono, S.	1,094.00
J.L. 405	Ono, S.	1,332.00
J.L. 570	Yamashita, M.	1,588.00
J.L. 475	Nakamura, S.	1,571.00
J.L. 644	Morioka, K.	3,312.00
J.L. 643	Nakamura, H.	2,938.00
TOTAL COST PRICE.....		\$ 15,461.00
Less Sale of Fencing from J.L. 644.....		7.20
		\$ 15,453.00
18 Lots sold—TOTAL.....		14,508.80
12 Lots to be sold at.....		\$ 945.00

N.B.—Existing Permanent Improvements valued at \$13,100.00, included in 7 of lots sold.

## APPENDIX No. 4.

File	Vendor	Purchase Price
J.L. 296	Yamada, S.....	\$ 2,327.00
J.L. 678	Imamura, K.....	991.00
J.L. 678	Imamura, K.....	1,619.00
TOTAL COST PRICE.....		\$ 4,937.00
2 Lots Sold Prior to Sub-Division at.....		3,005.10
1 Lot Sold After Sub-Division at.....		585.85
4 Lots remaining to be Sold at .....		\$ 1,346.05

N.B.—Existing Permanent Improvements were included in first 2 lots sold.

## APPENDIX No. 5.

File	Vendor	Purchase Price
J.L. 69	Nakahara, H.....	\$ 2,362.00
J.L. 105	Hosaki, I.....	3,113.00
J.L. 68	Kawamoto, S.....	1,738.00
TOTAL COST PRICE.....		\$ 7,213.00
6 Lots sold—Total Sale Price.....		6,259.30
4 Lots remaining to be sold at total of.....		953.70

N.B.—Existing Permanent Improvements included in 3 of the 6 lots sold.

## APPENDIX No. 6.

File	Vendor	Purchasing Price
J.L. 39	Oike, JK.....	\$ 3,392.00
J.L. 70	Takashita, T.....	2,145.00
TOTAL COST PRICE.....		\$ 5,537.00
8 Lots sold for.....		5,303.12
1 Lot to be sold at.....		\$ 233.88

N.B.—Existing Permanent Improvements included in the Lots sold.

## HERBERT SUB-DIVISION

## APPENDIX No. 7.

File	Vendor	Purchasing Price
J.L. 518	Naruse, H. K.....	\$ 4,075.00

N.B.—This parcel combined with the E. H. Herbert property for Sub-Division purposes. Lots sold at their proportionate cost.

## APPENDIX No. 8.

File	Vendor	Purchasing Price
J.L. 61	Gyotoku, U.....	\$ 1,106.00
J.L. 52	Tazumi, A.....	1,178.00
J.L. 42	Mukai, O.....	579.00
TOTAL COST PRICE.....		\$ 2,863.00
3 Lots sold, Total Sale Price.....		1,709.10
4 Lots remaining to be sold at total of.....		\$ 1,153.90

STANDING COMMITTEE

APPENDIX No. 9.

File	Vendor	Purchasing Price
J.L. 244	Eto, S.	\$ 2,835.00
J.L. 245	Kusano, A.	1,623.00
	TOTAL COST PRICE.....	\$ 4,458.00
	TOTAL SALE PRICE.....	\$ 4,458.00
	(4 lots)	

APPENDIX No. 10.

File	Vendor	Purchasing Price
J.L. 601	Takata, H. Y.	\$ 669.00
J.L. 602	{Wakai, S. and Wakai, C.}	1,754.00
	TOTAL COST PRICE.....	\$ 2,423.00
	1 Lot sold at.....	671.00
	4 Lots to be sold at.....	\$ 1,752.00

N.B.—Existing Permanent Improvements included in Lot sold.

APPENDIX No. 11.

File	Vendor	Purchasing Price
J.L. 440	Imahashi, I.	\$ 1,989.00
J.L. 472	Watanabe, U.	2,982.00
	TOTAL COST PRICE.....	\$ 4,971.00
	4 Lots sold—Total Value.....	2,879.00
	2 Lots to be sold—Total Value.....	\$ 2,092.00

APPENDIX No. 12.

File	Vendor	Purchasing Price
J.L. 422	Fujii, H.	\$ 300.00
J.L. 677	Yamada, K.	2,947.00
J.L. 455	Kamiya, J.	1,005.00
	TOTAL COST PRICE.....	\$ 4,752.00
	4 Lots sold—Total Sale Price.....	4,477.00
	*3 Lots remaining to be sold for total of.....	\$ 275.00

\*Existing Permanent Improvements were included in the 4 lots sold.

APPENDIX No. 13.

File	Vendor	Purchasing Price
J.L. 506	Sassa, T.	\$ 785.00
J.L. 476	Sato, T.	3,514.00
	TOTAL COST PRICE.....	\$ 4,299.00
	5 Lots sold—Total Value.....	2,021.42
	3 Lots to be sold for Total of.....	\$ 2,277.58



## APPENDIX No. 14.

File	Vendor	Purchasing Price
J.L. 530	Takahashi, F.....	\$ 2,646.00
	3 Lots sold—Total Sale Price.....	2,071.00
	*2 Lots remaining to be sold for total of.....	\$ 575.00

\*Existing Permanent Improvements included in the 3 Lots sold.

## APPENDIX No. 15.

File	Vendor	Purchasing Price
J.L. 474	Ebata, G.....	\$ 3,044.00
J.L. 493	Nakamura, G.....	982.00
	TOTAL COST PRICE.....	\$ 4,026.00
	Less Sale of Buildings on J.L. 474.....	50.00
		\$ 3,976.00
	Less Fire Loss Recovery on J.L. 493.....	700.00
		\$ 3,276.00

N.B.—These parcels combined with the Jessie Tait property for Sub-Division purposes. Lots sold at their proportionate cost.

## APPENDIX No. 16.

File	Vendor	Purchasing Price
J.L. 466	Takahira, S.....	\$ 1,209.00
J.L. 490	Takahira, S.....	166.00
	TOTAL COST PRICE.....	\$ 1,375.00
	6 Lots sold—Total Sale Price.....	1,297.80
	1 Lot remaining to be sold for.....	\$ 77.20

N.B.—Existing Permanent Improvements in Lots sold.

## APPENDIX No. 17.

File	Vendor	Purchasing Price
J.L. 578	Obana, K.....	\$ 516.00
J.L. 579	Obana, E.....	147.00
J.L. 906	Honda, G.....	565.00
J.L. 636	Tanizaki, M.....	982.00
	TOTAL COST PRICE.....	\$ 2,210.00

These lands sold to the Corporation of the District of Surrey as a Sewage Disposal Plant Site.

SALE PRICE.....\$ 2,800.00

## APPENDIX "B"

According to Veterans' Land Act files, Appendix "A" requires amendment in the following particulars to record actual sale prices:—

Custodian's file JL	V.L.A. file BC	Custodian's sale price	Actual V.L.A. purchase price	Remarks
		\$ cts.	\$ cts.	
145	311-P	1,352 00	1,425 00	Custodian unable deliver title and parcel withdrawn; subsequently bought in December, 1944, at \$1,425.00.
173	313-P	1,132 00	426 00	The increase of \$353 recorded should be a decrease representing fire loss recovered by the Custodian before sale to Director.
180	329-P	2,041 00	1,465 00	Original appraisal covered 2 lots. Custodian unable deliver title to one lot. The figure recorded as an increase should be shown as a decrease.
175	2051-B	1,489 90	1,489 00	
123	2058-A	2,054 00	1,600 00	Appraisal covered 2 lots. Custodian able to deliver title to but one lot. The increase of \$227 should be shown as a decrease.
693	2449-A	1,689 00	2,500 00	Custodian unable deliver title and original offer was cancelled. Parcel later bought in January, 1946, at \$2,500.
438	2699-A	3,682 00	4,000 00	Custodian unable deliver title and parcel withdrawn. Subsequently purchased in July, 1945, at \$4,000.
447	571-P	42 00	32 00	
463	466-P	678 00	800 00	Custodian unable deliver title and offer cancelled. Subsequently bought in December, 1944, at \$800.
474	643-P	3,004 00	3,044 00	
522	677-P	591 00	491 00	
612	750-P	5,246 00	6,000 00	Recorded as withdrawn but bought by Director in August, 1945, at \$6,000.

OTTAWA, June 6, 1947.

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Canada, Public Accounts, Standing  
Committee, 1947

(SESSION 1947)

HOUSE OF COMMONS

Government  
Publications

AT  
13  
A274  
1947  
no. 16

(STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 16

FRIDAY, JUNE 27, 1947

## WITNESSES:

Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property;  
Mr. A. H. Mathieu, M.B.E., Assistant Deputy Custodian, and Mr. K. W.  
Wright, Counsel.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947





## MINUTES OF PROCEEDINGS

FRIDAY, June 27, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Burton, Boucher, Case, Cloutier, Fraser, Gladstone, Golding, Hamel, Homuth, Isnor, Jaenicke, Macdonnell, Picard, Rinfret, Warren, Winkler.

*In attendance:* Dr. E. H. Coleman, C.M.G., K.C., Deputy Custodian of Enemy Property, Mr. A. H. Mathieu, M.B.E., Assistant Deputy Custodian, and Mr. K. W. Wright, Counsel.

The Committee resumed its investigation into the administration of the Ottawa office of the Custodian.

Dr. Coleman and Messrs. Mathieu and Wright were recalled.

Mr. Wright filed a statement showing particulars of sales of certain properties owned by persons of the Japanese race, which, on motion of Mr. Warren, was ordered to be printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Mathieu filed a statement of audit fees paid by the Custodian, which, on motion of Mr. Warren, was ordered to be printed as *Appendix "B"* to this day's minutes of proceedings and evidence.

Questioning of Mr. Mathieu was resumed.

The Chairman thanked the witnesses for their cooperation.

Dr. Coleman, on behalf of himself and officers of his department, thanked the Committee for the consideration shown them in their examination.

The witnesses retired.

It was agreed that Mr. Watson Sellar be examined at the next meeting.

At 12.30 o'clock p.m., the Committee adjourned until Tuesday, July 1, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

June 27, 1947.

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, I will call the meeting to order. First of all I want to state that Mr. Wright, counsel for the custodian, has supplied some of the information that was asked for yesterday by Mr. Fleming, concerning the sales of properties which were made subsequent to the Director V.L.A. offer for the numerous parcels listed on pages 174 and 175 of the minutes of proceedings of May 13. I have also a document, tabled by Mr. Mathieu, setting out auditing fees paid by the custodian for World War I and World War II. Now I think it might be in order if somebody would make the motion to have these printed in the record.

Mr. Warren moves that this return be printed in the record and it is seconded by Mr. Golding.

Is it carried?

Carried.

We have with us this morning Dr. Coleman, Mr. Mathieu and Mr. Wright. Now most of the members of the committee were through with questions on the aspects of the custodian's office in Ottawa and the accounts of the custodian. At the meeting before last we had agreed, as a courtesy to Mr. Fleming, who has taken quite a part in the work of this committee, to have these gentlemen back before us. Mr. Fleming did not finish early enough yesterday with the other part of his work, and we could not call these gentlemen who had been waiting and we adjourned the meeting, with Mr. Fleming's consent, until this morning. Now I see Mr. Fleming is not here.

Mr. MACDONNELL: Mr. Fleming asked me to say to you that family ties had called him to Toronto and I am to express his apology to you. He asked me if I would ask a few questions with regard to the subject matter of the committee's considerations this morning, and, with your permission, I will go on with those questions. Unfortunately, Mr. Chairman, I have been away a good deal and if I ask questions which have been covered before please stop me.

The CHAIRMAN: You are entitled to ask any questions you wish.

Mr. MACDONNELL: Yes, but I have no desire to ask questions on matters which may be repetition.

The CHAIRMAN: The witness himself may refer to the fact that he may have answered the question previously.

### **A. H. Mathieu, M.B.E. Assistant Deputy Custodian, called:**

*By Mr. Macdonnell:*

Q. I wish to ask a few questions arising out of the evidence of Mr. Mathieu on June 24, Tuesday last. I will first ask one or two general questions regarding the growth of the department. I would like to have an idea of the staff which was in existence in 1939 and how much it grew? During the war,

I realize, Mr. Chairman, that a great deal of work was done, and I think wisely so, through banks, trust companies, and institutions of that kind, but could I just have for my own information, knowledge as to how much the staff did grow?—A. When the office started up in September 1939 there were four employees, myself, the counsel, and two secretaries. We then set out to organize the office and it increased gradually from those four to a peak, I am not quite sure of the figures and I would have to look them up—

Q. Just give me a general idea?—A. The peak staff of the office I think was 129.

Q. You state "the office started up." My understanding is that it was a continuation and had been carried on since the last war?—A. Yes, but in 1935 I believe, the staff was disbanded because the work of the first world war and the reparations commission had been completed at that time and so, gradually from 1930 to 1935 the staff was disbanded and we just retained myself, a counsel and two secretaries.

Q. Yes, well then on the other question regarding the procedure, I understand in the case of securities you dealt with them in the manner indicated in the evidence which seems to me very wise. When you actually ran into growing concerns, if you did run into businesses which were growing concerns, what did you do?—A. The first step would have been to appoint an inspector to examine the situation and it would depend on his report whether we appointed a supervisor or a full time controller.

The CHAIRMAN: You mean the supervisor would be on a temporary basis?

The WITNESS: Yes, to supervise the operation of the business. In the case of say, a limited company, the board of directors were continued but they would carry on their operations under the supervision of an officer appointed by us and always under the direct control of our office.

*By Mr. Macdonnell:*

Q. There were not very many of such cases?—A. There were very few going concerns which we took over in that way.

Q. It would be a comparatively small number?—A. A few of them were liquidated in the early stages because it would not have been advisable to continue the business. One or two were continued for some time, and we still have on German company under active control.

Q. Now coming to page C-1 of the evidence, may I read you just a short extract from what I think you said, Mr. Mathieu and then I will ask a question on it. You are speaking of dealing with countries that had been liberated and I will read you a sentence from your evidence:

Then, in the countries that were liberated, as they were liberated, we had to go into the matter of releasing the particular property and from that time on we started our releasing operations. There had to be special agreements with the governments concerned because of the restrictions imposed by those governments and also due to the foreign exchange requirements. Up to date we only have one of these agreements in force, that is the one with France. It has been in force since March 22, 1946, and after a year and a half of application apparently we find it is not working to the satisfaction of both sides.

And then reading a little further you say, "Agreements with other countries are still pending."

Could you say a word as to why it takes so long, and by the way, there is one other thing I would like to interject here and you may include it in your answer? You say "We are considering the individual releases in necessitous cases—providing they supply us with the necessary information and a certificate of the

government of their country establishing beyond any doubt that there is no enemy interest involved".

When you say "no enemy interest" does that refer to our former enemy countries?—A. Belligerent enemies. There are two classes of enemies.

Q. Would you just make it a little clearer as to why it takes so long with the liberated countries to reach an agreement? I realize it is not in your department but I am anxious to know what the situation is?—A. Discussions had been going on since 1945. At that time, of course, there was a draft procedure submitted to these governments and further discussions took place on the various clauses and the effects of those clauses in the proposals. The only country that accepted the proposal was France and that was signed, I believe, early in April and made retroactive to the 22nd of March, 1946. From then on we carried out the procedure of releasing property on direct application from the owners.

Q. That is in France and the liberated countries too?—A. No, France.

Q. Only in France.—A. The other governments had not yet approved of the procedure and they have been negotiating ever since.

Q. Have you got readily available the amounts involved in France and the other chief countries? Are they large amounts?—A. You have a statement in my report.

Mr. BURTON: What page is it on if I may inquire?

The WITNESS: Page 12 of the report. You have a list of the allied territories, occupied allied territories. The assets reported for Belgium total \$30,781,239.63. Then you have the other countries such as the Netherlands, Luxembourg, Norway, Poland, Czechoslovakia, and the far east countries—China—representing a total over-all of \$2,071,952.72.

Mr. MACDONNELL: I do not want to take the committee's time on a lot of detail, but you have given an idea of the magnitude involved. What appeals to me, as a layman, is just what is the difficulty which is holding us up. You say the other governments have not agreed, and in the meantime the citizens are being hampered by this delay. I would like to know if there is not some way, I know international arrangements are not as simple as arrangements between two individuals, but is there not some way it would be speeded up?

The WITNESS: I think it could be stated in a very few words that the delay is really due to the desire of the foreign countries to control the assets of their nationals which are vested in the Canadian government.

The CHAIRMAN: In the case of the treaty with France do they let their nationals freely negotiate with you?

The WITNESS: No.

The CHAIRMAN: It still goes through the government?

The WITNESS: They insist on having complete control of the property in Canada belonging to their nationals here. On the other hand the custodian must return those properties to the original owner and not to the government of the owner.

*By Mr. Macdonnell:*

Q. Is that true whether it is a liberated friendly country or an enemy country?—A. Well, enemy country property would be dealt with under the conditions set out in the treaties to come. In the case of liberated countries there would be not treaty but only an agreement.

Q. What were the assets involved in the last war of property returned to enemies?—A. In the last war there were only straight enemy properties involved. We did not have invaded territories and the custodian had only property that belonged to persons in enemy countries.



Dr. COLEMAN: Holland was not occupied—excuse me for interrupting.

The WITNESS: No, I was referring to France.

*By Mr. Macdonnell:*

Q. What was the principle? Was it to return everything, the property of enemies, or did we do anything to confiscate?—A. Under the treaties we did credit the German government with the proceeds of liquidation of the German property in Canada.

Q. Am I correct in thinking the figure of \$13,000,000, shown as a surplus paid over to the Consolidated Revenue Fund, was the proceeds of operations in the first war?—A. Yes.

Q. And how would we have a profit?—A. Through surplus of funds which were invested after the war, those that were invested in the war period but not directly under the control of the custodian and just reported in the negotiations, and the fees that were charged on the release of properties to the three satellites of Germany at the time. Under the conditions of the Versailles Treaty Germany obligated itself to be responsible for the debts to its satellites, and the assets of certain countries such as Austria and Bulgaria were returned to them under a special agreement. We were entitled to charge, under that agreement, a fee of 2 per cent on the value of the property returned after liquidation.

Q. In other words it was part of the terms that Canada would get a fee of 2 per cent for looking after enemy property?—A. Yes.

Q. I see.

Dr. COLEMAN: I should like to be permitted to elaborate just a little on Mr. Mathieu's answer, with your permission, Mr. Chairman. What is probably not made quite clear is, that there was set up, at the end of the last war, a clearing office in London, and the debts owing to Germany were set off against the debts owing to Canada. Am I right?

The WITNESS: Quite right.

The CHAIRMAN: I was just about to ask a question about reparations we got from Germany. If we realized on some German assets in Canada which should have been balanced with what they owed us on reparations, that was done?

The WITNESS: Yes.

Dr. COLEMAN: The actual returns were laid on the table of the House of Commons at an earlier session. It was computed at one time that in interpreting the Treaty of Versailles, Germany undertook to pay reparations they owed Canada of something like \$1,000,000,000 but we never were able to collect it. The Canadian government was not able to collect it.

Mr. CASE: Did we collect any part of it.

Dr. COLEMAN: We collected something like \$30,000,000 under the Treaty of Versailles. The enemy undertook to recompense Canada and the other allied powers for what they paid in carrying on the war, and that would be the whole war expenses, pensions and everything, and as I say, the aggregate was computed about 1935, which was the first time I had to make up a return. At that time it was something like \$1,000,000,000.

Mr. CASE: They sent over enough paper marks to pay the whole thing.

*By Mr. Macdonnell:*

Q. I do not want to press but just to clear up the point would it be correct to say this, the amount of \$13,000,000 was built up from the percentage? Is not that what you said Mr. Mathieu? I think you said it was built up?—A. Partly.

Q. Partly, well at any rate whatever there was of that nature was applied but it is a very small payment on reparations.

The CHAIRMAN: May I ask what the actual amount of reparations claimed is, not including as Dr. Coleman, said the cost of war pensions and so on, but just the actual claims of the Canadian government to compensate Canadian individuals for reparations.

The WITNESS: Well, Mr. Chairman, I did not expect questions on that feature of our work and you will excuse me if I did not make it quite clear in the first instance. This is all ancient history and it is so long ago that it is hard to go back to it, as we have been terribly busy in this war as compared to the last war.

Mr. MACDONNELL: I do not want to press this.

The WITNESS: The point is that reparations would be clearly defined. Reparation moneys did not come into the custodian's office. It is not really a matter that concerns the custodian's office. That money went direct, I would presume, to the war appropriations account of the last war, but the chairman probably had in mind the so-called claims field with the reparation commission.

The CHAIRMAN: That is right.

The WITNESS: Those are what you might call domestic claims for war losses, damage, loss of life, and various other categories that were accepted by the reparations commission. That was a separate body from the custodian's office and the awards made by that commission were paid out of a vote of parliament and not out of moneys that the custodian held. We carried out the mechanics of paying the awards in our office because it was more or less correlated with our office. The actual money to pay the domestic claims, as I might call them, was provided by parliament. The first commission that made its award completed its work in 1929 and the total award was approximately \$6,500,000. Now to get the exact figure I would have to go back to the books.

The CHAIRMAN: It is just approximately that figure?

The WITNESS: That is approximately the figure that was awarded. As a result of that report being tabled in the House a lot of new claimants came forward. If you will look at page 30 of the report the total amount granted was \$6,750,000. Subsequent to that, the Friel report, and when I say Friel report, that is the first commission that made awards, upon being made public a large number of further claims that had not shown up previously were then reported and a third commission was then appointed in 1930 under commissioner Judge Errol McDougall. Judge McDougall completed his work and made his official report in 1933 whereupon the custodian made payment of all amounts awarded as well as the expenses of the commission out of a special fund provided by parliament which amounted to \$4,200,000. Out of the Friel report four claims remain outstanding, amounting in all to \$3,057.64, due to the fact that the claimants have never come forward to claim the money awarded to them by the Friel commission. The total balance held in the special reparations account as of this date is \$5,177.13, the difference between the amount of outstanding claims yet to be paid and the amount stated before represents interest, adjustments and refunds of advances received during the life of the commission.

The CHAIRMAN: So we received about \$13,000,000 actually from those properties and a little more than \$10,000,000 of that amount was assigned by the reparations commission?

The WITNESS: Yes, in payment of domestic claims.

*By Mr. Jaenicke:*

Q. We got a little away from the subject on which I was trying to interrupt before but if you will allow me, Mr. Chairman, I should like to ask the witness about a particular French company that I understand was under the control of the custodian. The matter came up in the Banking and Commerce committee

last Tuesday. The company is an insurance company called La Fonciere Compagnie d'Assurance Mobilieres et Immobilières. Did you have that company under your instructions.—A. Yes, through the superintendent of insurance.

Q. Do you still have that company?—A. It is in the process of being released now.

Q. If you release it do you have to get the consent of the French government?—A. We require a certification by the French government, a consent of the French government is implied by the certification.

Q. Before the assets are turned back?—A. In other words the form is sent in by the applicant company, or its officers, and attested before L'Office des Changes which is the foreign exchange body in France, a branch of the French ministry of finance, empowered to look after these matters in all countries. On page 4 of the application form, the officer of L'Office des Changes signs a certificate that there is no enemy interest involved in any part of that company. On the basis of the declaration by the applicant, and certification, the custodian can then proceed with the release of the particular property of that concern.

Q. The French government has not yet consented to the transfer of that property?—A. That I am not sure of. There is a letter on my desk today but I have not had a chance to read it. The French officers of the company were in to see me some time ago and they stated an application had been duly made and it was going through the French Embassy. I presume that if it has not reached the office that it is just about to be received and, according to the advance information I have, it seems there will be no objection to releasing control.

Q. As far as the French government is concerned?—A. As far as the Canadian government is concerned.

*By the Chairman:*

Q. Have you had many claims from French nationals since this new agreement has been passed?—A. Unfortunately, no. We have a total of roughly 15,768 French accounts under our control. The last survey we made showed that only about 3,000 applications had been received out of the total number, and such applications we have received have been mostly for small amounts under \$3,000; which you see by clause 4 of the application is clearly excepted from the certificates of l'Office des Changes. Apparently the French people who had money in this country, for certain reasons in their own country, due I believe to the French laws existing in France, were very reluctant to come forward and ask for certification of l'Office des Changes. We are receiving letters practically every day saying that they do not feel like going to l'Office des Changes to make application for release because they are satisfied that their funds are in good hands in Canada and they would prefer to leave them there.

The CHAIRMAN: That is quite a compliment.

The WITNESS: For reasons of their own, I suppose.

Mr. MACDONNELL: They would prefer to have you operate them than go to l'Office des Changes.

*By Mr. Isnor:*

Q. I would like to inquire from the witness as to the jurisdiction of the custodian in respect to Japanese bonds held by people in Canada, whether there has been a fund set up to take care of that. You know what I mean?—A. That would no doubt be covered by the treaty with Japan which has not been made yet.

Q. Have you similar treaties with other countries for claims already filed?—A. No treaties have as yet been ratified by parliament.



Q. Are you accepting claims from individuals regarding bonds of other countries?—A. Yes, we are receiving claims. They are recorded on a register of claims filed by individuals and entered by countries.

Q. And the same thing would apply to those holding Japanese government bonds?—A. Oh yes, they would claim for the bonds, and even cash; but no policy has as yet been laid down on account of the fact that no policy can be defined as to the treatment of these claims until treaties have been ratified by parliament. But under our regulations we are maintaining a register of claims that have already been filed. I may say that in comparing notes with other countries, such as Great Britain and the United States, because we are working this thing up in preparation for the work when the treaties are ratified, we do find that Canada is a little ahead of the others in maintaining records for future purposes. Of course, we are probably in a fortunate position owing to the fact that there was no break between the two wars, the office continued; therefore, we were able to profit by the experience of the first war and set up records in such a way that we would have available all the information possible. We are now getting all the material ready for the interdepartmental committee preparing a recommendation to the government with respect to certain steps which must be taken until the treaties are ratified with a view to formulating or recommending rather to the government the policy which should be followed in dealing with these claims for this war.

Q. Has there been anything considered whereby Canadians holding bonds such as I have mentioned can negotiate loans on a guarantee from the government or from the custodian's office?—A. Not that I know of.

Q. That has not been considered?—A. Do you refer to bonds held in Canada?

Q. In Canada, yes.—A. No. The bonds, of course, would be the property of the owner; and providing the individual owner had not been interned, even though he is a Japanese national, he would not be classified as an enemy, he would be entitled to retain his property.

Q. No. I refer to a committee of business men holding Japanese government bonds.

The CHAIRMAN: By that do you mean bonds of the Japanese government?

Mr. MACDONNELL: Can he not deal in them freely?

The WITNESS: He can deal in them freely if he can find any institution which will advance him money on the collateral represented by the bonds; I have no doubt he could have the benefit of them.

*By Mr. Jaenicke:*

Q. There is another question I would like to ask the witness. You mentioned a lot of French people who had money here and wanted you to keep it; do you invest that money?—A. Do you mean all accounts, or are you speaking of investment accounts?

Q. I mean just French accounts.—A. You are referring to the non-belligerent?

Q. Those French people to whom you referred who want you to keep their money for them.—A. With the regard to the accounts which come under our control the accrued revenue has been capitalized from time to time. Since the resumption of correspondence or communications has again been permitted the owners are in correspondence with their former agents in Canada, such as a bank or a trust company; and they would probably give that agent directions to invest accruing funds in certain types of property or securities. That is always referred back to us for permission or refusal, depending on the circumstances. In the case of French property, or as I should say French accounts, we usually permit the transaction, providing it is not a speculation which might endanger the value of the account.

Mr. MACDONNELL: Why would you not allow them to speculate if they want to, provided it is not injurious to our national interest?

The WITNESS: Because this property is vested in the custodian and the owner has no title to it. We merely recognize the fact that because he is not an enemy some day he may be wanting the return of his property. We accept his directives providing they are reasonable.

*By Mr. Jaenicke:*

Q. What rate of commission do you charge on that now?—A. No commission. On that type of transaction we merely charge a fee for administrative purposes when we release the property.

Q. That is the two per cent?—A. It may be up to two per cent.

Q. On all the years you hold it?—A. No matter how long we have had it, on the total value of the property on the date of release.

*By the Chairman:*

Q. And you consider that percentage adequate to meet your cost of operation?—A. Yes.

Q. Does that cover all your expenses?—A. Well, of course the enemy property will have to carry its proportion of expenses, over all expenses.

Mr. ISNOR: May I ask one other question in connection with these Japanese government bonds to which I referred. If they are payable in London or New York would the claim be entered in England or the United States respectively; or, would it be entered through the Canadian office?—A. A Canadian holding a bond of that nature in Canada would be entitled to file his claim with the custodian here, even though the bond may be held, say, in London or New York. If a British subject in London holds the same type of bond in London he would have to file his claim with the London authorities.

*By Mr. Macdonnell:*

Q. Just at a matter of interest, you refer to the fact that you, the custodian here, carried out the instructions received from principals in France, and you used the words "providing they were reasonable" speaking of investments. May I ask what you would consider reasonable? For instance, suppose a man wanted to sell his government bonds and invest the proceeds in stock; would you consider that reasonable?—A. Yes. What I had in mind in making the reference to reasonable requests were cases where the individual was asking for the transfer of funds outside the country.

Q. Oh, I see.—A. We would not permit a transaction of that kind.

Q. Oh, no; I can see that. But so far as investments in this country are concerned.—A. We would not object to them at all.

Q. Then I have one other question. On page C-8 of the report of Tuesday last this statement is made by the witness—I think it is speaking about the first war, as a matter of fact:

During that period an audit of the funds in our office was carried on through the usual method and audit expenses were paid out of the war appropriation account. After we had succeeded in getting sufficient funds it was decided that the departmental war appropriation account would be reimbursed for all expenses up to that date. We did that and from then on the Auditor General had nothing further to audit because the funds we had were not considered public funds.

I think I understand the principle involved there, but let me ask you this question: you say, they were not considered public funds. Would I be correct in saying that that meant that all during the business of the war, that applies to this war, too, the custodian was carrying on his operations free from any control or outside investigation of any kind, except the audit by private firms

from year to year; would that be a correct statement?—A. The purpose of the statement I made at the last meeting was to show the difference between actual public funds going into the consolidated revenue fund and the trust funds which were paid directly to the custodian.

Q. Then that leads me to ask this question: the result of that seems to me to be that the custodian came into the control of huge amounts of money, and that this two per cent of capital realized and no doubt received by you as income—I will ask you to tell us what that was in amount; was he free to hire people on his own terms or were the civil service regulations applied; or, just what did you do about that?—A. The civil service regulations were not applied to the officers or the staff of the office of the custodian.

Q. Why was that?—A. Because of the terms of the order in council. Regulation 6(3) covering the establishment of the custodian's office reads:

6. (3) The custodian may establish and maintain such office or offices as he thinks proper for the administration of these regulations and such other matters as may be delegated to him and may attach thereto such officers, clerks and advisers as he selects and they shall be paid such remuneration as the custodian determines.

Q. Yes, that is the first point; and at this stage I shall not ask you to make any comment on it. I will just give my opinion, if I may, Mr. Chairman. It seems to me it left the custodian very, very wide open indeed; and one wonders why they were given such wide powers without any restriction of any kind, apparently, and why such broad powers were necessary.

The CHAIRMAN: That is along the same lines, is it not, as the income tax office?

Mr. MACDONNELL: Pardon?

The CHAIRMAN: This procedure was along the same lines as that followed in the income tax office where the personnel do not come under the civil service commission.

Mr. FRASER: May I ask this question at this point: was consideration given veterans in employment?

The WITNESS: Always.

*By Mr. Case:*

Q. Was there sufficient revenue from the enemy property to maintain the office of the custodian; or, from what sources did you obtain funds with which to pay the expenses of the custodian's office?—A. That is derived from the investments of the custodian—bank balances, victory bonds—this money was coming in, and most of it was coming into the office of the custodian and it represented non-interest-bearing moneys. They accumulated in bank accounts in Ottawa, and any time a government issue was made we received authority through the treasury board to invest in bonds of that issue, and the interest derived from that type of investment was credited to the administration account to take care of the expenses of the office; salaries, including all expenses; and for the purpose of creating a fund in case treaties imposed certain obligations, such as interest on debts—which usually is not an interest-bearing item—or other such commitments with which the custodian might be faced in the future, depending on the conditions set out in the treaties. The detail breakdown of investment is on page 15 of the blue book report. We have \$22,651,500 invested in various victory loans. The interest on these bonds goes directly to the administration account pending final results, final disposition; meanwhile all expenses are charged to that administrative fund.

Q. In other words, you have always obtained sufficient revenue to maintain the office?—A. Always.



Q. Now then, what becomes of the surplus—I suppose you cannot always get an even balance—what becomes of the surplus earnings of the invested funds? Is that turned over to someone or is it held by you?—A. That is to remain in our hands until the work is wound up when any surplus will be returned to the treasury.

Q. And yet it never was wound up between the first and second war?—A. It was, to a certain extent. In 1930 there was a secondary treaty with Germany returning the then unliquidated property. It didn't amount to very much, of course; but we had left at that date property unliquidated. That is what you might call unmarketable securities, such as securities for which there was no market whatever. You could not sell them and you could not dispose of them. They were returned to the German government. There were a few parcels of real estate that were not completely liquidated.

Q. Did that close out the account?—A. That closed out the operation between the clearing offices proper and the return of the unliquidated property—that was under a second treaty, which was for the purpose of closing out the account. That left the adjustment of certain things which were then pending; claims by third parties, for instance, for the return of securities which had been vested in the custodian and which formerly belonged to German nationals.

Q. Well, in 1939 had the account been completely closed out; I mean, at the time of the new war with Germany?—A. We still had an amount of, roughly, half a million dollars set aside to take care of outstanding claims which had not been completely wound up.

Q. And with the outbreak of the second war that would simply become—A. That was retained in the first war account.

*By Mr. Homuth:*

Q. Are there any limitations as to the time which may elapse between the making of claims?—A. None whatever.

Dr. COLEMAN: I might state for the information of the committee, Mr. Chairman, that there is a motion before the Exchequer court to-day for the purpose of disposing of one of these claims which came up in 1937.

The CHAIRMAN: That is out of the first war.

Dr. COLEMAN: My predecessor, Mr. Mulvey, told me that in 1928, when he was in England he had some contact with the British Board of Trade on this matter of claims carried over from the first great war, and I think he mentioned to them the delay in not being able to get a lot of things cleared up. The officials took him to an adjoining room where there were two or three gentlemen working, and they said to him: you may be interested to know that those gentlemen are winding up accounts of the Crimean war.

*By Mr. Case:*

Q. Am I to understand from what you have said that the claims arising out of the first great war are kept entirely separate from those arising out of the second great war?—A. Yes.

Q. And then, what is the purpose of the fund to which you have just referred?—A. That is to cover claims which have been filed, or possible claims, from the first great war which have not been completed or wound up.

Q. Do you keep the amount of the claims in connection with the first great war separate?—A. Quite.

*By Mr. Fraser:*

Q. I wanted to ask you what the income was last year from the account you held; have you got that? It would be over a million dollars I imagine. That would include the  $2\frac{1}{2}$  per cent earned.—A. On page 16 of the blue book report there is a breakdown of administrative accounts.

Q. You will recall, Mr. Chairman, that only certain members received copies of that report.—A. We have an item here; this is in the assets: "accrued interest on Dominion of Canada bonds \$180,335.06.

Q. Didn't you say that you had \$51,000,000 in bonds?—A. \$22,000,000.

Q. Oh, pardon me; I thought you said \$51,000,000—\$22,000,000, I see.

*By Mr. Macdonnell:*

Q. Mr. Chairman, might I ask this question?—Would the witness tell us just what total income has accrued to the custodian from the commissions which have been paid so far? How much of property has the custodian handed over liquidated? The total amount of that would be some billions of dollars; do you have that at hand—A. The total amount up to December 1946 is \$989,149.23.

Q. Only \$989.--?—A. 149.23.

Q. That is the commission you had coming?—A. That was the commission on the assets realized up to that period.

Q. Then the assets realized would be how much; roughly, fifty times that, I suppose?—A. Yes.

Dr. COLEMAN: Yes, roughly \$7,000,000.

*By Mr. Macdonnell:*

Q. Would you indicate the total amount which came into your hands?—A. The peak amount was roughly, \$1,500,000,000; that, of course, included state-owned gold.

The CHAIRMAN: Perhaps Mr. Mathieu would want to reconsider the questions asked by Mr. Fraser as to the interest earned. Can you give him that figure?

The WITNESS: The exact figure—I had not turned over the page to the proper statement. The interest on investments—that would cover the interest on the bonds—the total up to the end of December 1946 is \$3,139,332.66. That would include interest on bonds in Ottawa and bonds held by Vancouver, and similar investments made in London, England, where we carried an account in sterling and that would have to be converted to Canadian dollars, as was done in this statement.

Mr. CASE: You say, "up to"; what was it for 1946?

The CHAIRMAN: Excuse me, gentlemen. May I have your permission to ask Mr. Rinfret to take my place for a few moments?

(Mr. E. Rinfret assumes the chair.)

The WITNESS: I haven't got the detailed amounts.

*By Mr. Case:*

Q. You haven't got the detailed amount?—A. No.

Q. What period does "up to" cover; you said up to the end of 1946?—A. From the beginning of the war right up to then.

Q. That is from 1939?—A. Yes.

*By Mr. Fraser:*

Q. That surplus which was held in 1939 would not be included in that?—A. No. All accounts for the first war are necessarily held quite separate from these accounts.

*By Mr. Macdonnell:*

Q. You have told us your income to date; and when I say income I am referring to the commission you charge as separate from the money coming in by way of interest earning; and I understood you to say that was probably \$990,000. You have been in operation nearly eight years. Of course, your staff was not anything like as large when you began. Can you tell me what

the total expense of operating your office has been since it was opened in 1939? I would like to know how it compares with the commission which you are getting. In other words, I want to know whether you are carrying on business within the margin of the charge; what have been your total disbursements?—A. Total disbursements, including all the various sections, amount to \$1,854,465.53.

Q. Well then, in other words, you have spent \$1,854,000; and your commissions up to date amount to \$989,000; the balance then, I take it, is taken out of moneys from time to time in your hands?—A. The total revenue, including interest on bonds and on investments, and the interest on the bank accounts and the penalty interest which we receive during the course of operations—

Q. That all presumably belongs to the owners?—A. No.

Q. I mean, you are intending to return that to them when you give them back their money, apart from your commission?—A. Not necessarily. The owner will get the exact amount which was coming to him.

Q. I am afraid I have not made my question clear. The point I was trying to make is this: we do this business—if one may call it business—and collect a fee. These assets were received without remuneration, aside from the remuneration of the two per cent on the capital of the money finally turned over.—A. That is correct, but only on release of the property.

Q. I see. Now so far, the commissions which you have received have fallen about \$900,000 short of paying the cost of the office. Now the deficiency you pay out of income which comes into your hands, income or capital for that matter, which comes into your hands from those assets. I asked you whether you did not refer to those assets as belonging to individuals but you say no, and I understand the sense in which you say no, but equitably, and morally, does not that property belong to these people? Is that not the basis we are doing this on? It is property which comes into our hands as a nation and we look after and charge a fee for doing it. You surprise me, or what upsets my ideas is that it looks as if we were not charging enough in getting this 2 per cent. I thought it was enough to cover the cost of the business but you tell us it is not enough.

Mr. CASE: We have not had the total revenue.

The WITNESS: I was merely asked concerning the revenue on bonds. We have other revenue outside of that. The total revenue including bank interest and penalty interest and the administration fees charged on releasing property, discounts and bond purchase premiums, and profits on bonds sold, makes a total revenue of \$4,490,000 odd.

The ACTING CHAIRMAN: Would it be a fair statement to make that you have sufficient property on hand, on which you can charge 2 per cent, and the revenue from that 2 per cent will be more than the difference between the \$1,854,000 and the \$989,000?

Mr. BOUCHARD: I think probably he could answer in another way. I take it the \$989,000 is an accumulation of money on property which you have already transferred back but there is a very substantial portion yet to be transferred on which you will charge your 2 per cent, which will more than overcome the difference.

Mr. MACDONNELL: That does not seem to be a bit clear because they have transferred half the property back now and even if you charge the full 2 per cent on the whole of it you would only get, if my figuring is correct, about the amount which they have already spent running the department. You have spent \$1,854,000 and there would be only 2 per cent on \$1,500,000,000. Now you have got \$989,000 transferred, and \$700,000,000—let us multiply that by two—that would give you just about the amount which you have spent now, or a little over, but we are not near the end of the course yet. My question is this,



it seems surprising to me, and I will not say it is unsound, but it was a surprise to me how you seem to intermingle those funds as you do. You use funds which I thought was the property of or beneficial to the owners, to pay your ordinary expenses. If, in fact, as Mr. Case originally suggested, you are satisfied that the 2 per cent, when you come to the end of the course, will cover the position, that answers my question. I do not think I need to press it further except for this, and we hope we will not have any more wars, but I take it one of the points here is to learn any lessons we can for the future, and I do ask the question for consideration.

*By Mr. Case:*

Q. What is the attitude of the other countries and their custodians towards assets they may be holding of ours? Do they operate on the same basis?—

A. The Americans are operating on the same basis as we are. On all property that is vested they are going to charge probably more than 2 per cent when they return it.

Q. Is that optional to the custodian?—A. No, it is under the law of the land. There is a bill which is going to be put through, I believe it has gone through congress now, permitting the custodian to return property, otherwise he would not have the right to return the property because it is vested in the government.

Q. Each country makes its own laws? There is no international arrangement, and they are pretty well all on the same basis? ?

Dr. COLFMAN: Great Britain charges 2 per cent and I think the rate in the United States is 3 per cent.

Mr. BURTON: Mr. Chairman, if I may interrupt, and I hesitate to do it as I do not want to appear to be trying to shut off the discussion. That is the farthest thing from my mind, but since this committee has been set up I have attended every meeting. Yesterday I had to leave before the meeting was over and it was with a considerable amount of surprise, although being on the steering committee and it met previous to the meeting yesterday, that I received notice that this meeting was being called to-day. I was here before the chairman was here and I was quite prepared to be here. I have accepted my responsibility in serving on the committee but the greater part of this discussion, I submit Mr. Chairman, with all due deference to those who have been carrying it on, has been covered in previous meetings that we have had. In so far as interest on invested funds retained by the custodian is concerned, that has been explained in previous meetings. The reason why I recall it is that I raised the question at the time, and the answer was where persons had invested money in bonds, such persons would get interest from those bonds, but money that had been turned in to the custodian that had not been invested in those kinds of securities did not receive returns. I must say that in the hour which I have spent here this morning, outside of the odd little detail which has been creeping into the answers, I have received very little benefit from this meeting and I wish to tell you, Mr. Chairman, that I have other work to do.

The ACTING CHAIRMAN: I think the members of the committee will realize you are correct.

Mr. MACDONNELL: As I said at the outset, and I would like to remind the chairman of this, I had been away. I asked the chairman to point out to me my error when I was covering ground which had already been dealt with.

The ACTING CHAIRMAN: You chose a time when there was another chairman.

Mr. MACDONNELL: I thought I guarded myself against repetition but, in any event, I am through.

The ACTING CHAIRMAN: Is there any further discussion?

Mr. FRASER: Mr. Chairman, the statement regarding these people that have bonds was to the effect that they were going to get the interest, but it looks as if they are not going to get their interest.

The WITNESS: Perhaps I had better explain the difference between the two types of funds. Those paid into the custodian's office at Ottawa are non-interest bearing items.

Mr. FRASER: Non-interest bearing?

The WITNESS: Yes. Those that are bearing interest in investments are investment accounts, set up before the war, that came under our control but remained in the hands of banks. We could not set up an organization wide enough to take in, and transfer all those securities, and look after them in Ottawa, so it was decided, banks being responsible bodies as are trust companies, that they should retain the accounts, continue administration and collection of dividends, and the changing of stocks where required, (where stock was called for redemption), and other ordinary procedures in the administration of security accounts. Those securities were left in the hands of banks under our control. No transactions took place, and no requests for transfers of funds were met, without the custodian being informed and giving his consent or refusal. The moneys that were in Ottawa were those that could no be maintained outside. They represented non-interest bearing items, so that those amounts were immediately credited to the account of the owner. For instance, a commercial debt was collected from a debtor in Canada and placed to the credit of the French owner and that amount is all the Frenchman is entitled to ask for. Meanwhile those funds accumulated in the bank accounts in Ottawa and they were the ones that were invested in bonds to pay the necessary costs of administration. While we may charge up to 2 per cent that will not cover all the expenses of the office, with the result that the revenue derived from the investment on the funds that belonged to the custodian—and mind you those funds were vested in the custodian, the owner had lost his rights under the regulations—will serve to make up the difference in cost of administration and the other commitments that we may have to meet under treaties, whether private treaties or treaties with enemy governments. A large proportion of the funds that were paid in were funds belonging to straight enemies and they will have to be disposed of under conditions of the treaties. A smaller proportion of them would be for non-belligerents, for instance commercial debts with France, Holland, Belgium, and other countries that were occupied. The enemy accounts had to be collected and retained by the custodian until they are disposed of under conditions of the treaties to come.

Mr. BOUCHER: Notwithstanding what my honourable friend says about wasting time, I do feel we would get some place if we discussed this point. You say the non-interest bearing funds, in effect, reached the hands of the custodian and were invested by the custodian. The revenue received by them was treated as part of the custodian's earnings, leaving two classes of people, one, those who had money invested in Canada in interest bearing sources, and the other those who had money in Canada not invested or invested in non-interest bearing quarters. Consequently you are asking, or, our policy is to ask those who had money in Canada in the hands of the custodian not having been invested, to bear some of the expenses of administration on behalf of those who had funds invested?

The WITNESS: I am speaking there in general terms of the over-all picture.

Mr. BOUCHER: Really is not that the situation in principle?

The WITNESS: The owner will get his money back if he is not an enemy.

Mr. JAENICKE: That is it, you must distinguish between the one who is an enemy and the one who is not an enemy. That is where the confusion arises.

Mr. BOUCHER: There is a little more than that. It is a fact that you have had his money invested.

Mr. JAENICKE: If he is an enemy we take his property.

The WITNESS: His property remains here and will be applied against the reparations account.

Mr. BOUCHER: That has been a worry to me and I am not quite sure on it yet.

*By Mr. Jaenicke:*

Q. I have a concrete case of a Canadian Norwegian, a resident here, who was caught in Norway during the war. The custodian took over his farm and collected his rentals I presume. Now how was that collected?—A. The rent is collected and passed to his credit as it comes in.

Q. And you would keep his account?—A. We keep an individual account for each individual owner.

Q. Did you charge him for collection of that rental?—A. We only charged the collection commission due to the agency that was looking after the administration of the property in the field.

Mr. FRASER: That would be 5 per cent, usually?

The WITNESS: Yes.

Mr. JAENICKE: I do not think they would charge 5 per cent.

The WITNESS: No, some of them did not charge 5 per cent; they would only charge the usual bank rate for handling the business.

Mr. JAENICKE: The property of which I speak has been returned and I have no complaint to make. I was just asking about it for information and the man was not an enemy. He was a Canadian citizen but a Norwegian originally.

*By Mr. Case:*

Q. Do you mean to say an individual whose country was our enemy would lose his property on reparations?—A. Depending on the terms of peace.

Q. I am speaking now of a German national, who has no association with the German government except that he is a citizen of Germany, and if he owned property in Canada and it was seized by the custodian, does he forfeit that property pending reparations?—A. That would be covered by the Reparation Act which was signed early in 1946.

Dr. COLEMAN: May I answer that with your permission, Mr. Chairman? It would entirely depend on the treaties of peace. Under the Treaty of Versailles, Germany undertook to make reparations and Germany said to the victorious countries who were the other parties, "you will keep whatever German property you have in your hands and apply it on your reparation account and we, in turn,"—that is the German government,—“will undertake to compensate our individual nationals”. Actually when they did, owing to the inflated currency, I am afraid—I do not know whether that is the right verb,—but I am inclined to think the individual German got very little out of his property.

Mr. HOMUTH: In fact we are sure of it.

Mr. BOUCHER: Is it not a fact also, Dr. Coleman, in that regard, only the initially realized price on that property was credited to the reparation account and the other investment on the part of the custodian was not considered, it was considered otherwise as accruing to the expenses?

Mr. JAENICKE: You did not take over any property of German nationals who were otherwise peaceful citizens of Canada?

Dr. COLEMAN: Except for the persons interned, all properties were returned. We had nothing whatever to do with the ordinary German in Canada who behaved himself.



The WITNESS: The only restriction imposed on that type of man was he could not buy stocks in a Canadian company to try and get control of a Canadian company as a German national.

Mr. Picard resumed the chair.

The CHAIRMAN: Are there any other questions gentlemen?

Well, this will be practically the last meeting with these witnesses. We have covered most of this phase of the work and there remained only the custodian's office in Ottawa and the accounts. If the committee members are satisfied that we are through we will release the witnesses.

I am sure I express the opinion of the committee in thanking Dr. Coleman, Mr. Mathieu, and Mr. Wright for their willingness to answer our questions all the way through. They have given us the best information they could.

Dr. COLEMAN: Mr. Chairman, may I, on behalf of the witnesses from the custodian's office, thank not only you but your predecessor, Mr. Isnor, and all the members of the committee for their courtesy. I assure you that if there is any further information that you want and which is within our power to produce we will be very glad to supply it, if you will just let us know.

Mr. BURTON: Mr. Chairman, you fully expressed the appreciation of all the members of the committee but there is just one other question I would like to ask before you call the adjournment. Is it the intention of the committee to proceed along the lines we did before when we had completed one phase of our investigation? Is it the intention to prepare another further interim report?

The CHAIRMAN: I am quite prepared to assume the work. Since we are changing entirely the subject matter of work on Tuesday at 11.00 a.m., we will see Mr. Sellar for a general broad outlook of his work.

Mr. HOMUTH: On Tuesday?

The CHAIRMAN: On Tuesday at 11.00 a.m. and immediately after we finish with Mr. Sellar's general outlook of the programme we will take up the matter that has been brought forward by Mr. Fleming respecting the Veterans' Land Act administration in Sarnia.

Mr. HOMUTH: That will be on Tuesday morning?

The CHAIRMAN: On Tuesday morning Mr. Sellar will be here and if we do not get through with him at one session I might suggest, to please Mr. Fleming, that we have a second meeting on Wednesday and on Thursday or Friday we that has been brought forward by Mr. Fleming respecting the Veterans' Land Act

The meeting stands adjourned until Tuesday at 11.00 a.m.

The meeting adjourned at 12.20 p.m. to meet again on Tuesday, July 1, 1947, at 11.00 a.m.

## APPENDIX "A"

June 27, 1947.

*Memorandum for the Public Accounts Committee*

In compliance with Mr. Fleming's request, the following information has been obtained from the Custodian's Office in Vancouver in regard to sales of properties which were made subsequent to acceptance of offers for numerous parcels listed on Pages 174 and 175 of Minutes of Proceedings before Public Accounts Committee, May 13, 1947.

Original Offer	Final Offer	Date	Remarks
\$1,325.00	\$1,425.00	December, 1944	Sale based on valuation by Mr. H. Menzies, Haney, B.C.
678.00	800.00	December, 1944	Sale based on valuation by Mr. Ansell, of New Westminster, B.C.
9,117.00	10,100.00	December, 1944	Property advertised in Catalogue published by Custodian.

Properties obtained through Official Administrator who took out Letters of Administration to Japanese Estates:

Original Offer	Final Offer	Date	Remarks
\$3,682.00	\$4,000.00	July, 1945	Public Tender.
1,689.00	2,500.00	June, 1946	Public Tender.

The Director, Custodian's Office, Vancouver, further advises that receipts from sales of these five parcels are included in Summary of Realization of Assets, listed on page 57 of the General Report under Item "Real Estate Sales" which totals \$1,868,080.66.

## STANDING COMMITTEE

## AUDIT FEES PAID BY "THE CUSTODIAN"

## RE: WORLD WAR I

Periods Covered	To Edwards, Morgan, & Company	To Price, Waterhouse Company Montreal	Audit Board
From inception to February 29, 1944.....	\$2,975.80		Paid by Treasury not by Custodian's Office. No information in Custodian's Office.
March 1, 1924 to November, 30 1924.....	960.48		
December 1, 1924 to November 30, 1925.....	1,526.52		
December 1, 1925 to December 31, 1926.....	1,245.80		
Audit Board from January 1, 1926 to February 29, 1928.....			
March 1, 1928 to September 30, 1930.....		\$13,094.25	
October 1, 1933 to March 31, 1931.....		2,597.30	
April 1, 1931 to December 31, 1931.....		1,833.74	
1932.....		1,185.90	
1933.....		1,176.35	
1934.....		1,562.49	
1935.....		1,202.99	
1936.....		940.45	
1937.....		652.52	
1938.....		568.68	
January, February and March, 1939.....		141.70	
April 1, 1939 to December 31, 1940.....		275.00	
January 1, 1941 to August 31, 1944.....		528.62	
September 1, 1944 to December 31, 1945.....		100.00	

## RE: WORLD WAR II

Periods Covered	Price, Waterhouse & Company, Montreal	Price, Waterhouse & Company, Vancouver	P. S. Ross & Sons, Vancouver
Interim Report covering period of September 2, 1939 to December 31, 1940.....	\$ 5,567.65		4,109.61
Official Report for period of September 2, 1939 to December 31, 1941.....	13,718.57		
1942.....	14,480.53		
1943.....	10,906.05		
1944.....	7,472.83		
1945.....	9,734.20		
Japanese Enemy Section Audit Fee.....		2,500.00	
Japanese Evacuation Section Audit Fee.....			







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Canada. Public Accounts, Standing  
Letter No. 1947

(SESSION 1947

HOUSE OF COMMONS)

Government  
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(STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 17

TUESDAY, JULY 1, 1947

WITNESS:

Mr. Watson Sellar, C.M.G., Auditor General

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.P.  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY  
1947







## MINUTES OF PROCEEDINGS

TUESDAY, July 1, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Cloutier, Fleming, Fraser, Gladstone, Golding, Isnor, Jackman, Jaenicke, Macdonnell, Picard, Raymond (*Wright*), Rinfret, Winkler.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General.

The Committee proceeded to consideration of the report of the Auditor General for the fiscal year ended March 31, 1946.

Mr. Sellar was called, heard and questioned.

It was agreed that Mr. William Cleave of Sarnia, Ontario, and Mr. Gordon Murchison, Director, Soldier Settlement and Veterans Land Act, be called for Friday, July 4.

At 12.55 p.m. the Committee adjourned until Wednesday, July 2, at 11 o'clock a.m.

A. L. BURGESS,

*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 1, 1947.

The standing Committee on Public Accounts met this day at 11.00 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, shall we call the meeting to order.

We have with us this morning Mr. Watson Sellar, Auditor General, and we would ask him to make a statement if he has one to make?

Mr. Sellar will afterwards be at the disposal of the members to ask questions. It has been agreed that this discussion would be on general terms. Mr. Sellar has the floor and is at your disposal.

### **Mr. Watson Sellar, C.M.G., Auditor General, called:**

The CHAIRMAN: I suppose it would be in order to ask Mr. Sellar if he has a few words to say.

Mr. ISNOR: Yes, I think it would be nice to have a statement.

The WITNESS: Mr. Chairman, you have before you the report for the fiscal year 1945-46. The items can be divided into various headings but I imagine you are particularly interested in those concerning you as representing the House of Commons in this committee. There are, in that regard, certain transactions to which I think you should give a little thought. There are several of them noted on page 2 of my report. One is: "Payments totalling \$7,735,000 (Canadian) were made to the United States government to the end that Canadian service forces may, up to March 31, 1947, select items from surplus stores and equipment of the United States service forces. No deliveries were made in the fiscal year. The effect is to relieve 1946-47 appropriations of the cost of such stores and equipment as may be selected."

Gentlemen, the effect of that transaction, a good business transaction which I am not criticizing as such, is that we took \$7,000,000 U.S. funds, lodged it with the secretary of the treasury in Washington, and authorized the army, navy, and the air force, to select from the surplus stores of the United States army and navy, for delivery in Canada and use in Canada, various surplus stores. Had that been done, had the selection and deliveries been made in the fiscal year, I would have said nothing, but no deliveries were made in that fiscal year and therefore, in effect, the government, instead of letting the appropriation lapse, is using \$7,000,000 for future years. Actually, relatively little of that money was spent in the fiscal year last ended and the period has been extended to December next. That from the viewpoint of parliament, is of interest to you because the general law is that all appropriations lapse on March 31st.

Mr. FRASER: On that point, at the present time the Minister of National Defence has announced that his department has bought just lately \$50,000,000 odd worth of equipment. How is that covered?

The WITNESS: You are quite right, sir. My objection to this is a technical one. I say that it should be a charge to the appropriation for 1947-48 and not to 1945-46. It is merely from the viewpoint of control of the fund. I think we are getting big value for the money and my objection is just from your point of view in having control of public trusts.

Mr. ISNOR: It is a matter of judgment and business.

The WITNESS: It is just one transaction.

The next one is contained in the following paragraph which deals with the settlement with the Netherlands. Under that settlement we owed the Netherlands government in round figures, \$33,000,000 for services rendered to our army in the Netherlands. I think again the government made a very sensible and practical settlement. They sold \$29,000,000 worth of surplus army stores, vehicles, equipment and so on in the Netherlands, to the Netherlands government. There is a debt there that is not reflected in the appropriations and that is the only explanation I have on the matter. We settled up by delivering stores instead of reflecting it in a cash transaction in our accounts.

Furthermore there was a sum of approximately \$4,000,000 which was to settle any future claims. That was set up in an account, a sundry account, and that is held by the Department of Reconstruction for settlement. Belgium has the same sort of transaction.

Mr. ISNOR: Before you leave that if that was set up in Public Accounts it would have shown a credit of \$4,000,000.

The WITNESS: We would show first a sale of \$29,000,000 worth of articles.

Mr. ISNOR: Yes.

The WITNESS: The issue of payment to the Netherlands is charged to the appropriation in that amount. As it is we show merely a sale and we do not show any charge to the appropriation.

Mr. ISNOR: But you have mentioned it was not reflected in the books, the one item was \$33,000,000. In other words the expenditure of \$29,000,000 therefore leaves a credit of \$4,000,00.

The WITNESS: Yes, and the \$4,000,000 has been set up as a credit for settlements covering the period in the year 1946 after the 1st of April. It is not a serious matter but in principle you might take a little exception. The other item which I do not like at all, gentlemen, is to be found in paragraph 72.

Mr. FRASER: What page is that?

The WITNESS: Page 27. In connection with that transaction what happened was this. By an arrangement between the governments, the Netherlands government issued "X" quantity of guilders for the purpose of financing our army in the Netherlands. As we all know the soldiers went into black market operations and as a result the government is obliged to redeem \$16,000,000 more of Dutch guilders than we had officially issued for army purposes. The Netherlands government is disputing their liability to redeem funds converted by the army into sterling through auxiliary services canteens and paymasters. The Department of Finance is actively seeking to get a settlement of this matter, but it does seem to me that should not have been covered up in a general army expenditures charge. In England they had a very large item of the same nature and a few months ago they went to parliament and asked for a special vote to cover the particular item.

Mr. WINKLER: How large was the item in England?

The WITNESS: I am speaking from memory but I think \$100,000,000.

*By Mr. Macdonnell:*

Q. Was it disputed?—A. I did not read the *Hansard*.

Q. But there they did ask for a special vote whereas here— A. We merely charge it to the account.

Q. We show it two years later.—A. It is set out in Public Accounts and the controller of the treasury draws attention to it. There was no effort of concealment by anyone. No one is happy of course. I am not criticizing it from the viewpoint of the department report, but I do feel the transaction should



be made the subject of a special item so that you gentlemen have control over the consolidated revenue fund.

Q. When the Canadian paymasters acquired that, as set out in paragraph 72, were they acting without any authority at all? Did they just go ahead and convert it?—A. In my opinion they were, but on the other hand we have got to be fair to the man. He would not know the total number of guilders being redeemed, he would just have the number which he received. I think the control at the top should have known when the total was reached. The individual field cashier, and I am not criticizing him, would just know that he had "X" numbers of guilders on hand.

Mr. FLEMING: There was nothing in the guilders to distinguish between those within the quota and those not within?

The WITNESS: As I understand it they were just the standard currency of the Netherlands and they were not specially marked.

*By Mr. Macdonnell:*

Q. Am I right in this, the guilders which came into the possession of the paymasters were converted into sterling by the army. In other words what happened is that Canadian troops were doing big business and came along and asked the paymasters to have their money converted?—A. Yes.

Q. Was that the ordinary arrangement?—A. Yes, that was the ordinary arrangement.

Q. So, as Mr. Fleming has implied, it was difficult to know what they should convert and what they should not?—A. Yes.

Q. They had no total check against it?—A. That was the situation as far as the individual was concerned. My view is that the control at the top of this thing should have put on the pressure at the right moment.

The CHAIRMAN: If there had been a stop at a certain amount what would have been the result in dealing with guilders that had been acquired legally or legitimately by the troops, and what would have happened to the canteen funds? How would they have been converted?

The WITNESS: I know you have got to take a loss on such matters. Having been a soldier in the first war I know that human nature is human nature, but I do think this control that I am speaking about might have been put on earlier than at \$16,000,000. That was my thought.

Mr. FLEMING: It was a question of control.

The WITNESS: Yes.

Mr. FLEMING: Then there is the matter of reporting to parliament and the authorization, Mr. Sellar?

The WITNESS: It was just charged as a war expenditure charge to national defence under the heading of army services and you will find it at page N-12 of the book.

The CHAIRMAN: In England when they asked for the special vote, you gave us the figure of \$100,000,000, how did it arise?

The WITNESS: I would not like to say until I looked up the English Hansard and got the text. I actually read it in the Times and having read the article, I sent it down to the controller of the treasury, who was dealing with the thing. I am going from memory.

*By Mr. Macdonnell:*

Q. When you said there was a full disclosure at all points and therefore there was nothing to criticize from that point of view, when the payment was originally passed by the authorities and when I say by the authorities, I am not quite sure what authority I mean and perhaps you could tell me, but was



it not, at the time, within the knowledge of the people at the top who were approving expenditures that it was approval of which there was no authority? —A. I would think so but I have never been able to establish that.

Q. Must it not have been so?—A. I would feel it was. Here is what the controller of the treasury reports in his report. I had not seen it when I wrote mine. It is found at page N-17 down near the bottom of the page opposite the letter I. "Surplus Currency Dutch Guilders—This amount represents the Canadian dollar equivalent of the 40,155,455.50 Dutch guilders acquired by the Canadian army authorities in excess of the amount made available by the Netherlands government for payment of Canadian troops in Holland. This surplus was developed through acceptance by Canadian army paymasters and field cashiers of guilder receipts accumulated by auxiliary services and regimental canteens and from the Canadian troops. Satisfactory arrangement for reduction of this currency by the Netherlands government had not been completed at the fiscal year end."

Q. Those amounts began to pile up and assume very formidable proportions?—A. Yes.

Q. From time to time those amounts must have been uncovered or was it possible because during wartime there was one over-all appropriation and they just dipped into a common pot and took money?—A. Yes.

Q. Where was the usual authority, the treasury board at this time? Did those amounts have to go before them?—A. No, those amounts would be made out of issues from London.

Q. Was London just given a pot of money which they used as they liked? —A. London was given "X" dollars for the cost of the field forces in Holland.

Q. Then as far as you are concerned this had all been done when it came back to your notice, of course?—A. Yes.

Q. Done many months before?—A. Yes.

Q. Mr. Chairman, I think perhaps it may not be out of order to ask rather broad questions here. What bothers me is that we come onto these things when they are about two years old and I would ask Mr. Sellar whether there is any way in which this ancient history feature can be changed, so that we can be brought nearer to the present, or whether there could be some closer running supervision? I suggest that the question could be answered, not at length now, but if there are others on this committee who think the same as I do we might ask the Auditor General to consider that question.

The CHAIRMAN: May I say we had the War Expenditures Committee running during the war and if anyone had any question on matters of that nature they could have brought it to the attention of the committee.

Mr. MACDONNELL: But did they know then?

Mr. FLEMING: You would not have the knowledge of it other than receiving a report from an official.

The CHAIRMAN: The Public Accounts Committee and the War Expenditures Committee were running and these matters could have been brought up.

Mr. FLEMING: That is just one aspect but there has still got to be some method of expediting the reports.

The CHAIRMAN: I am in agreement with you if you are trying to prevent these things happening.

Mr. ISNOR: I think Mr. Macdonnell's comment is, as I see it, to bring us closer to the actual picture at a reasonable date.

Mr. MACDONNELL: Yes.

Mr. ISNOR: I think we are all in accord.

The WITNESS: As the law is today I am required to produce a report to the House of Commons by the 1st of November.

Mr. ISNOR: November 1st.

The WITNESS: This year I am giving you a report covering the period up to March 31st and that can be done as far as I am concerned very easily. The big problem is the printing of this big volume. The actual audit work of the old year's accounts, as far as I am concerned, will be done in another thirty days. We are carrying our audit currently in the office and we are just cleaning up the accounts. The books are not closed yet officially by the Department of Finance and therefore we have not got a balance sheet or anything of that kind, but as far as I am concerned there would be no difficulty in giving you my actual report on any date in October in any year.

Mr. MACDONNELL: The chairman has raised a very interesting point. During the war there was a committee which met currently.

The CHAIRMAN: The War Expenditures Committee, to which any matter could be referred.

Mr. MACDONNELL: Well it does not seem as if the War Expenditures Committee could have been given this information in time. It does not seem as if they were given it currently and that is something which we may properly pursue. My question is this: why should there not be some kind of duplicate in peacetime to the War Expenditure Committee? Why should there not be some running current check in peacetime, not on every trivial detail but on anything which is unusual? Now is there any reason why it should not be done in peacetime as well as in wartime?

The WITNESS: Well this is a subject which has been up in England in the last six months and they received a very extended report. The clerk of the House of Commons has recommended that the Public Accounts Committee and their Estimates Committee be combined into a single committee so they can deal with things currently.

Mr. MACDONNELL: Is that report available now?

The WITNESS: Yes sir, it is printed.

The CHAIRMAN: We do not have an Estimates Committee.

The WITNESS: No. The report, however, did not receive very favourable comment in certain quarters in England, but it is an effort to speed things up.

Mr. ISNOR: Did you say their estimates come under Public Accounts?

The WITNESS: They have in England an Estimates Committee that acts every year. It checks the estimates of the year for the purpose of surveying certain departments and it takes three or four departments each year. It does not act from the point of view of passing on particular items or recommending expenditures but it makes recommendations to the government with respect to matters where expenditures can be avoided.

Mr. ISNOR: We have something like that in our committee of the whole. Mr. Fleming had in mind the fact that your estimate for this year is such and such an amount, but what we want to know is the actual expenditure for the past year so as to be able to make a comparison of the expense last year and the actual expense this year. The comparison would enable us to say whether it is a reasonable amount. Is not that what you had in mind, Mr. Fleming?

Mr. FLEMING: Yes, and I think it has been shown by experience that the committee of the whole is an unworkable body. It is too big for that purpose. I think, even at the expense of doing away with some of the committees we have, one or two of them might be replaced by an Estimates Committee that would review the estimates, and it may be the function of that committee could be combined with the function of this Public Accounts Committee.



Mr. ISNOR: In connection with the War Expenditures Committee, they investigated as best they could, all matters that were brought to their attention but there were many items of which they had no knowledge.

The CHAIRMAN: And as I say this could have been brought up if someone had had the information.

Mr. ISNOR: I recall in the report that was made by the chairman on behalf of the committee, the recommendation was made that the work of the War Expenditures Committee be combined with the Public Accounts Committee, so as to have a review of the current expenditures for that particular year. As it is now we can only review expenses which are covered in the report, and, because of the fact that the report is at least twelve months old when it is passed to us, we are always twelve to fifteen months behind the current work. Is that a fair statement?

The WITNESS: Yes, but I would say, of course, that it does not necessarily need to be twelve months behind you. It is because of the fact that the House does not meet in November.

Mr. ISNOR: Yes, but that is the situation as it exists to-day.

The WITNESS: If I might be permitted to interrupt there, when you are discussing estimates it is outside my field, but I do think your details on estimates are practically worthless. The details on estimates should be such that any member of the House of Commons can sit in his office quietly and read through the details, and, when he goes into the House, he knows the details that he would ordinarily have to get through questions to the minister. He should be able to have a full running story printed in the details so that he goes in very fully briefed, and I do not think that is possible at all under the present system.

Mr. ISNOR: No. Some of the provinces at the present time, in presenting their estimates, include in brackets the actual amount expended the previous year.

The WITNESS: I go way beyond that, I would give a running story of what is involved in the estimate.

Mr. FLEMING: That sort of thing now is only drawn out by questions taking considerable time and that makes some people in the big committee very impatient if they are not interested.

The WITNESS: And further than that I think the members are not sure on what items they would like to speak. I think the members would be in a stronger position to criticize estimates, and frankly, criticism of the estimates is useful to all of us.

Mr. FLEMING: It is the very essence of the function of the House of Commons.

The WITNESS: I am speaking from my own viewpoint.

*By Mr. Jaenicke:*

Q. I would like to go back on the \$16,000,000 as I do not understand it. Does that \$16,000,000 represent the profits which our soldiers made on black market operations in Holland?—A. The presumption is that it was acquired that way but to say yes, I could not do it. No one could prove it.

Q. As I understand it we were assigned a certain number of guilders?—A. Yes.

Q. Which Holland was to redeem later on?—A. Yes.

Q. And there are 40,000,000 more guilders than were issued. That amount is the profit that our soldiers made on black market operations?—A. Whether they made it on black market operations is something you could not prove but the presumption is that it arose through the black market.



Mr. FLEMING: It would not necessarily be all profit?

The WITNESS: Some Dutch family may have given one of our service men 1,000 guilders for some service rendered by him and that is not a black market operation.

Mr. JAENICKE: But some of our boys might have sold a lot of cigarettes?

The WITNESS: Well, here we have 40,000,000 guilders in our vaults which the issuing government refused to redeem. Now I feel that the holding of that sum, 40,000,000 guilders, should be something of which parliament approved.

*By Mr. Jaenicke:*

Q. When did we find out we had 40,000,000 guilders more than we should have had?—A. I found out at the tail end of my audit last year, which would have been the month of May.

Q. Could it have been reported sooner?—A. I am speaking from memory and I am going back quite a period of time so do not tie me down too closely, but my memory is the treasury and the army sent people over to the continent to size up the general operations of this nature about December of 1945. They were there through December, January and February, and then withdrew. It would be in that period this whole thing would come to light. I would not swear I am right on my months but it was just about that time.

Q. In the previous discussion the complaint seems to be this came a little late. Now, it would seem to me, this is about the first time that it could have been brought up. After all, we were acting under war conditions. I would presume it would not be possible to delay a matter of this sort for such a long time in peacetime?—A. No, it would come out of my next report as far as I am concerned.

Mr. FRASER: Mr. Sellar, now that this has been brought to light, is there any provision the government can make, if we are to have another war, which we will likely have sometime, or is there any chance of having something written in our provisions regarding defence forces, so that this could not happen again?

The WITNESS: Well you can put anything you like on paper but human nature is human nature. I think the boys would do that sort of thing again.

Mr. FRASER: Well, it is not that, it is changing Canadian money into Dutch guilders. Is there any way our troops could have had Dutch guilders that were marked definitely so that there would not have been that difference?

The WITNESS: In some areas they did get specially marked currency.

Mr. FRASER: Yes, I understand they did.

The WITNESS: It runs in my mind that in Italy there was special currency.

Mr. FLEMING: There was special invasion currency issued when they went into Normandy.

The WITNESS: I do know this, and please do not think I am trying to be critical of the government and what it is trying to do, and I do know the Department of Finance is getting to work and trying to get a solution for this with the Netherlands government.

Mr. ISNOR: Is it not reasonable to suppose that they set up an over-all control in regard to this amount placed to their credit, but, because of the activities being so widely spread, it simply went on and on, and they found themselves with this depreciation on their transactions and they were saddled in the end with a debt over which they had no control?

The WITNESS: I agree with every word of that only I have a feeling that we should have discovered it a little faster, before it got up to \$16,000,000, because after all, \$16,000,000 is a lot of money.

Mr. JAENICKE: What could you have done to prevent this accumulating?

The WITNESS: I was not there and therefore I am guessing, but the only thing you could have done was to put a limit on what a man could buy in the canteen and what he could convert.

Mr. FLEMING: Could not the command have issued warnings to the troops that they were running grave risks in acquiring Dutch guilders because conversion might have been refused?

The WITNESS: They may have issued those warnings.

Mr. WINKLER: I doubt if Mr. Sellar has the answer to the question but I think we should find out when the British first dealt with the matter.

The WITNESS: I would say in the month of February or March of this year.

Mr. ISNOR: In other words they are in exactly the same position as we are.

The WITNESS: If you read the *News Week* magazine of last week you will find an item there referring to \$250,000,000 that the U.S. army has got of like character, and they are wondering how they are going to dispose of it.

Mr. ISNOR: If they had stopped the traffic in all their canteens and so on, would that have done it?

The WITNESS: My opinion is that it should have been put in as a special estimate before the House.

Mr. FLEMING: There are two distinct points raised here out of the discussion and one is whether this practice should not have been exposed and reported sooner, and the other is what steps should now be taken. I understand on the second point Mr. Sellar is saying this should have come before parliament as a special item, appropriated for the purpose, instead of permitting the Department of National Defence to dip into general funds for the purpose.

The WITNESS: That is my feeling.

Mr. GLADSTONE: Just in passing there, Italy and Normandy were planned invasion operations, whereas the operations which extended up into the Netherlands were continuing operations. With respect to Italy and Normandy there was advanced planning for everything, but perhaps in the midst of a terrific campaign there would not be the same thought given to these operations in the Netherlands.

Mr. FRASER: What are Dutch guilders worth to-day?

The WITNESS: I do not think they have fluctuated greatly over that value. I am under the impression there have been recent negotiations between the Department of Finance and the government of the Netherlands and I am hoping that they will make a settlement.

Mr. FRASER: Perhaps they will lack value?

The WITNESS: I think the settlement may be that we will not demand from them pounds or dollars but we will get the goods or something like that.

Mr. FRASER: That is fair enough.

*By Mr. Fleming:*

Q. There are several things arising out of the things Mr. Sellar has said. You have spoken about the delay between the time you complete your audit, we will say about the end of July or August, and the time it comes before parliament. Is there anything that you can suggest that could be done to expedite the report? Do you oversee the printing of this volume?—A. No.

Q. That does not come within your scope at all?—A. No, I could oversee it but generally, as the comptroller of the treasury has the larger part, he looks after the printing.

Q. From that point on you have no control over the audit being tabled in the House of Commons?—A. No, but I make sure that I have a printed



copy or a carbon copy ready to hand to the minister on the opening of parliament so that my report can be tabled within the allotted number of days.

Q. Having regard to the fact that parliament does not normally sit in the fall, is there any concrete suggestion you can make for expediting the submission of the printed report to the members?—A. Well, of course that is a matter, I might say, of pride of the members, and we are instructed to give the reports to parliament before we give them to anybody else. If we give it to the members we have got to hand it to the newspapers. You see, as it stands now, anyone who writes in and asks me for information is told that I have got the information but I am to provide it first of all to the House of Commons. Until I have tabled my report I cannot give them anything. Now I believe years ago, I am not sure but I think it was 1933 or 1934, Mr. Cahan was secretary of state and he gave the order that all departmental and other reports, as soon as they were printed, were to be mailed to the members.

Mr. FRASER: That is a good idea, a splendid idea.

The WITNESS: I would say that was twelve or thirteen years ago.

*By Mr. Fleming:*

Q. Was that just for one year?—A. No, it continued for a couple of years.

Q. Then it was stopped?—A. Well we never went back to as strong adherence to the old statute until the war came along and printing delays were such that we never had our reports ready.

Q. Is it a fair question to ask you if you have any views as to the suitability of the period from April 1st to March 31st as the fiscal year in relation to the customary dates of the sittings of parliament?—A. The logical year, of course, would be the calendar year but that would mean the House of Commons would have to meet in the month of December to vote the interim supply, to pass the interim supply votes for the period after the 1st of January, and you do not meet until a month later, usually late in January or early in February. The adoption of the calendar year would mean that you would have to come here before Christmas.

Mr. MACDONNELL: That was the practice many years ago.

The WITNESS: I could not say that. I can only recall one year, 1926, when parliament met before Christmas that year, after an election.

*By Mr. Isnor:*

Q. Certain branches of the government still continue to use the calendar year. Is that a confusion to you Mr. Sellar in making up your accounts?—A. No. You see the National Harbours Board is using the calendar year and it is very handy to me because I have not got the pressure on then and I can audit their books and get them out of the way before we come to the normal year end. Just now I am under terrific pressure.

Q. If that is so would it be worth considering a review of the whole set-up so as to provide certain departments closing their year at different times?—A. I do not think you could do that, sir.

Q. Staggering the accounting?—A. I do not think you could do that as far as the departments are concerned.

Q. You are doing it in two cases, and you say it works to advantage?—A. Yes, but you and I are talking about different things. Under the Crown Companies Operations Act which you passed a year ago you make March 31st the end of the fiscal year, but under the Act, you direct that we must produce the report by the 1st of July. I do not mind telling you for the last six weeks I have sweat blood to get those out, and as a matter of fact I have not got War Assets out yet. We are waiting for one item and then we are going to be ready. Instead of saying the fiscal year should be March 31st if you set December 31st



for the C.B.C. and others, we should have all those ready for you by the 31st of April with the greatest of ease.

Q. That is the idea I had in mind. Suppose we did that with Crown companies, close them at the end of December, would it not make it easier?—A. Yes it would.

Mr. FLEMING: And boards?

Mr. ISNOR: Yes.

Mr. FLEMING: There is a very practical application on that point. The C.B.C. affairs are studied by a committee of the House of Commons. That committee has not yet got the audited statement for the fiscal year ending March 31st, 1947, and it has been sitting all this spring and it will not get the report before it rises. If the C.B.C. were on a calendar basis, then the committee sitting in the spring would have the audited report for the fiscal year last closed.

The WITNESS: It would make it a lot easier for us.

Mr. FRASER: Mr. Chairman, can you, when your steering committee makes the report, make that suggestion to the government?

The CHAIRMAN: Yes. Do I understand Mr. Sellar recommends it for all boards and Crown companies.

Mr. ISNOR: I was suggesting it to him.

The CHAIRMAN: I know you are proposing it, but I am just asking Mr. Sellar if he is willing to recommend it.

The WITNESS: I am not the auditor for all, but those for which parliament has named me the auditor, I certainly would prefer December 31st. Take the custodian of enemy property, that is a new account and I think it is December 31.

Mr. FLEMING: You are just starting on that.

The WITNESS: Yes, Price and Waterhouse are finishing last year's audit and we will then start. It make it much easier for me to spread my work.

*By Mr. Fraser:*

Q. Mr. Sellar, when you are making up your reports on Crown companies, etc., would it not be possible to make the balance sheets conform more to the balance sheets of ordinary business institutions as they are put out at the present time?—A. Of course our difficulty is that it is ridiculous to look at share capital on Crown company balance sheets and see \$50 worth of share capital. That is ridiculous. You have not got capital stock to start off with and therefore your balance sheets start on a rather absurd position but we are trying to improve that. We hope these we are putting out this year will be better than previous ones.

Q. They have been hard to get anything out of in the past?—A. I quite agree.

Q. You cannot get the picture at all.—A. No.

Q. And you cannot come to a true balance on them.—A. Yes, but you have got to bear this in mind. Throughout the war the profits of those companies were never certain because Munitions and Supply had not yet settled the prices for them and they just had to build prices. Then again we have this big problem, we face it particularly in Polymer. We have got \$50,000,000 invested in Polymer in round figures. It is owned by the government of Canada and it is not owned by Polymer. We cannot set up a depreciation account because Polymer does not own the property. If we had all those companies set up, just as I think they should be, it would take into consideration everything, their assets and all other things. There should be set up a proper depreciation account, and a proper reserve account so that you could see at a glance what the true situation is, and I would be much happier.

Q. I think it would be better for members of parliament and others if it was done that way?—A. To me it is ridiculous to carry Polymer at \$50,000,000 without taking into consideration such things.

Mr. MACDONNELL: Do the receipts and disbursements from Polymer just go into the public funds?

The WITNESS: Not now, they retain their surpluses.

Mr. ISNOR: During the war you could not have shown the regular balance sheet or a profit and loss statement. It was never intended to show a surplus in the accounts because they simply dumped the money into the public treasury to carry on the job at the time.

The WITNESS: Yes, and I am a great believer in Crown companies. I believe they serve a definite purpose and I do think we should set up all their accounts in such a way that they set out the picture. What is of concern to parliament is a proper reflection in the Public Accounts.

Mr. MACDONNELL: Was I wrong in getting the impression that you were singling out Polymer because it was so difficult, or does what you say apply to all?

The WITNESS: You find the same thing in others, take Eldorado for instance.

Mr. JAENICKE: Do I gather from what you say Polymer does not own the buildings?

The WITNESS: No.

Mr. JAENICKE: Who owns them?

The WITNESS: The government of Canada.

Mr. JACKMAN: It leases them.

The WITNESS: It gets them without rental, it uses the buildings, and we have the confusing situation of making appropriations and additions to capital assets of the government of Canada.

Mr. FRASER: It would be very hard then to say what is costs to produce rubber?

The WITNESS: That is my feeling.

Mr. FRASER: That is what I have felt all the time.

The WITNESS: I know the Department of Reconstruction are hoping in due course, not this session, but to have legislation straightening out these companies.

Mr. JAENICKE: You have made representations to the government to that effect?

The WITNESS: I have, to the Department of Reconstruction. We agree too much, however, so we cannot have a fight.

*By Mr. Fraser:*

Q. Polymer will certainly have to get down to real costs soon, because there is going to be a lot of competition.—A. My view is that there is not an asset of \$50,000,000. For the purpose of production we should write off "X" millions and then compute so much into our costs for the sale of rubber.

Q. Have you got the exact figures of what the Dominion of Canada has put into Polymer?—A. Yes, sir.

Q. Including the buildings and all that?—A. Yes.

Q. You have got that?—A. Yes.

Q. That is what should really be shown on the balance sheet or the financial statement should it not?—A. Yes, and against that there are, let us say a \$1,500,000 of extraordinary costs incurred in the construction of the buildings,



by reason of the emergency at the time they were built, which should have been written off as accelerated depreciation or whatever you like to call it. What I think is this, sir. We should take Polymer and value it at its residual use to the country at the end of the war and recapitalize it on that basis. In effect we should put it through an enforced liquidation and set it up again.

Mr. MACDONNELL: How can you find the value if you do not know what the cost of manufacture of rubber was?

The WITNESS: We do know.

Mr. JACKMAN: Is the amount of money spent on Polymer carried as an asset?

The WITNESS: No, it is written off as an expenditure, but we have put into the balance sheet of Canada the advance made in connection with Polymer as an active asset at around \$50,000,000.

Mr. JACKMAN: The actual cost is in excess of that?

The WITNESS: The actual cost is, but as I say Polymer has spent \$2,000,000 or \$3,000,000 of its own money which is not reflected in the account.

*By Mr. Fraser:*

Q. Do Polymer's buildings belong to the government?—A. Yes.

Q. Do they come under the Public Works Department?—A. No, sir.

Q. It is entirely separate?—A. Polymer is under the control of the Minister of Reconstruction.

Mr. JACKMAN: When Polymer takes off its own operating statement to see whether it is operating at a profit or a loss, does it deduct from the cost of operations the amount of its capital expenditure, this \$2,000,000 or \$3,000,000 that you have mentioned? Is that part of the operating cost?

The WITNESS: No, that is separate. I do not know whether their report has been tabled in the House but last week I saw a press statement and we have signed the balance sheet for Polymer this year. The annual meeting has been held and that item is shown separately.

*By Mr. Fleming:*

Q. To revert from questions on Polymer, I would like to turn to a subject that has arisen out of an answer of Mr. Sellar's, when he spoke about the relationship between the review of Public Accounts and budgeting both being a proper function of the parliamentary committee. On pages 16 and 17 of Mr. Sellar's report he deals with the question of lapses and he catalogues lapses of votes of the various departments that total roughly, last year, something like \$66,000,000, then at the conclusion of paragraph 41 there is a significant sentence, on page 17 "Parliament's control over public money is, to a degree, dependent on the efficiency employed in calculating estimates. Attention is therefore drawn to the fact that with respect to comparable votes, \$26,258,295.96 lapsed in 1944-45 and \$43,572,665.97 in 1945-46." The amount lapsed shown this past year apparently was larger. Now I would like to ask you, Mr. Sellar, to be as concrete as you can in making proposals as to how the control of parliament can be further extended in this matter. Mr. Isnor referred to one subject a while ago which has troubled me, and that is the review of estimates in the committee of the whole. We are never given anything in the printed book of estimates except the estimates of the previous fiscal year. We are never given the expenditures. We depend to a large extent on the efficiency of the task performed by the treasury board and we may or may not individually think they are doing sufficient work in checking the estimates. Now, looking at it from the point of view of a parliamentary committee, for instance, are there means by which control, control by parliament can be made really effective? Could Mr. Sellar make some proposals that we might usefully consider?



The WITNESS: Well I will take the post office estimates to illustrate my answer. In the post office expenditures for the fiscal year that you now have before you, in round figures \$3,000,000 lapsed out of a total expenditure of about \$60,000,000. It so happened that in the month of March of that year you appropriated \$1,000,000 for the post office as a supplementary estimate. Now I think, had the post office estimates, instead of being shown in seven estimates, been bulked in one, you certainly would not have had to have a supplementary estimate of \$1,000,000 and you would not have had to have as large a cash vote. I would think the post office estimates might be amalgamated into a few estimates to reduce that risk. Looking at the estimates generally, sir, you have got a lot of services that were rendered for the benefit of private individuals. Now in England they have had a practice since 1892 or 1893 which I think is a very sensible one, that is where you have a service that is supposed to be for the benefit of private individuals and they pay fees for it, parliament only votes the difference between the expected amount of the fees and the actual cost of the service. In other words in a great many instances parliament merely votes £1 so that it has the service before it for the purposes of debate if it wants it. The service is self-supporting and I think the great advantage of that is when you have a service that is self-supporting, you have got definite needs of people who are willing to use the service, and who are ready to pay for it and therefore it is a useful service. However, when you have a service that is not self-supporting or people do not want to pay for it then you are put on your guard. You may have a luxury service or an extravagantly operated service. I think the time is coming in this country when instead of having over 400 or 500 estimate items a year—

Mr. FLEMING: It is more than that. It is 700.

The WITNESS: I am talking of the main estimates—that we should reduce the number of estimates to a lesser number and that the details should set out the actual expenditures up to December 31st. It should state that as well as the previous year's expenditures. You should have your known expenditures for at least nine months of the fiscal year. You should have a full explanation of everything that a vote is intended to provide for; what Acts of parliament regulate it; what its revenues are going to be. Take the fisheries vote, for example. I know the maritime provinces members and the B.C. members are always interested in what it costs to run this ship and that ship in a service. That sort of thing should all be set out in the detail. You are not really interested in how many clerks they have in their establishment because the Civil Service Commission can change that situation over night. You do not care whether we have ten grade IV clerks or so many grade III clerks.

Mr. MACDONNELL: Will the nine months' expenditures really be good enough? Will they not be defective first of all because I think it is very natural that expenditures may accumulate toward the end of the year and certain items may be held over; and will not the minister inevitably say, "We have three months still to come"? In other words, is anything short of a full year going to be of much help?

And does not that bring us back to this: is it really essential to have our financial year end three or four months after the calendar year? It seems to me that these questions are going to be vastly more important in the years facing us because of the tremendous ideas of expenditures, as I see them, which are abroad?

The WITNESS: I will grant you that there is strength in your argument with regard to the three months still to come; but on the other hand every department has to register commitments for its future expenditures for which it has contracted and those are all registered; therefore, the amount of new stuff that will originate in the last three months of the year would not be large.

*By Mr. Fleming:*

Q. It would not be disproportionate?—A. No, it should not be disproportionate. There are times; but I am assuming you continue on your present fiscal year. If the members have known actual expenditures up to December 31st and registered commitments for the balance of the fiscal year, you have something, and you can go on examining the next year's estimates.

Mr. MACDONNELL: That is better than at present.

The WITNESS: Yes.

*By Mr. Isnor:*

Q. I agree, except that instead of having nine months I say that the twelve months should be included. There is no real advantage in showing nine months' expenditures where you are dealing with twelve months because of the extraordinary expenditures which might take place in the following quarter which would throw the thing completely out of place. I may say further that in the example you have quoted, the Post Office Department, you have taken the one department where you possibly could make a change along the lines you have suggested, but the same thing would not apply, I do not think, as far as the Department of Public Works is concerned, where there are extraordinary requirements from time to time in an emergency and very large amounts require attention.—A. I do not say that that could be applied to all; but take the Department of Public Works. I claim that it should be applied with respect to the telephone services in the Department of Public Works. That should be a revenue service

*By Mr. Fleming:*

Q. We had an example of revenue service with regard to the Department of National Health and Welfare a fortnight ago. I think it was called Marine—A. Sick Mariners' Hospital.

Q. Yes. Actually, if I remember rightly, the amount appropriated by parliament for expenditure is about \$450,000 a year and against that there is a revenue of approximately \$300,000.

Mr. ISNOR: There is a cross-entry from one department to another, and it works out.

Mr. FLEMING: No, not from one department to another; it is for the same department.

The WITNESS: It is all connected.

Mr. FLEMING: And unless you go and ask the minister about the revenue you do not hear about that. I take it that what Mr. Sellar is saying is that in the estimates that come before the House there should be substantially enlarged information accompanying the bare bones of the figures submitted.

The WITNESS: Yes.

The CHAIRMAN: In the present estimates in all departments they give us the amount that has not been spent for Public Works and then they mention in brackets a revote of so much. You may have a case where last year they voted \$25,000 and this year they bring in a vote of \$305,000, but they mention in brackets the \$25,000, which means that the \$25,000 voted last year has not been spent. I wonder if that could be applied to all the departments. However, under Public Works you see Westview harbour improvements with a vote here in 1945-46 of \$231,000; voted in 1946-47, \$95,000, but there is a revote of \$20,000 which means that out of the \$231,000 voted last year \$20,000 has not been spent. Your idea, Mr. Fleming, is that we should have the full item together with the amount that was not spent the year before?



Mr. FLEMING: Yes, we should know the actual expenditure because it is a very poor basis of comparison to compare with last year's estimates because last year's estimates might have been very inaccurate.

The CHAIRMAN: We have that in some items in Public Works. When the sum is not all spent it is shown as a revote.

Mr. FLEMING: There was one item in National Health and Welfare estimates which we had a fortnight ago where last year the appropriation was \$300,000 and the actual expenditure was \$21,000 and yet so far as the estimates were concerned we are being asked to vote \$150,000. The only comparison was the \$300,000 last year. It looked like a saving of \$150,000, but when you actually came to compare the figures you saw how utterly inaccurate last year's estimate was. I think if parliament has to bear the responsibility for voting these tremendous sums of money on the estimates there has got to be a drastic change in the set-up of the estimates in the way they are handled.

The CHAIRMAN: I think we are all in agreement as to the point about getting the details as to what has been spent out of the previous year's estimate. That would be most important in order to arrive at a conclusion in the present year.

Mr. FLEMING: Unless we can get that information we have to just sit down and keep the questions going indefinitely by asking the minister questions on every item. This year I asked the Minister of National Health and Welfare to give us this set-up of the expenditures of the department and he would not do it, so I had to ask him questions on every single item. Now, if you apply that procedure to 600 or 700 items you are taking a long time. It takes a long time in a big committee like a committee of the whole or a committee of supply, and everybody becomes impatient because only a certain number of members are interested in a particular department.

The CHAIRMAN: That brings us back to one of the recommendations made by Mr. Sellar, that there should be more detail in the estimates so that we would not have to ask for all the details in the committee of the whole.

Mr. FLEMING: I will ask Mr. Sellar for some further consideration of his views with regard to the method by which parliament, through a committee or otherwise, should handle this matter of the review of estimates. Again I come back to that statement that "parliament's control over public money is to a degree dependent on the efficiency in calculating estimates. Let us assume that there is a great deal more information about actual expenditures given about a particular vote. Now, with that in the hands of parliament and with the experience Mr. Sellar has had with public accounts, I would like to ask his opinion, if he will express it, as to the desirability or practicability of combining the function of reviewing the public accounts and a detailed review of the estimates in one committee?

Mr. GLADSTONE: In relation to that question may I ask this one? Does it come within the purview of the Auditor General or the Civil Service Commission to say whether a department may be overstaffed? In parliament a minister may be questioned on the estimates of his department. I presume that he relies on the heads of branches in his department and sometimes the departmental head may not be zealous as to economy in connection with the number of persons employed in his branch. Is there any check for parliament, other than the questioning that comes up on the consideration of the estimates?

The WITNESS: Well, I have no authority or statutory power in that regard, Mr. Gladstone. The Civil Service Commission, of course, have a statutory duty to review the establishments from time to time and to recommend adjustments in them; but I think in actual experience the departments must originate any action that is taken to cut down staff.



Mr. GLADSTONE: I also think that there is not in government the willingness to fire incompetent persons such as we find in ordinary business; that when a person secures a government position, unless there is some serious misdemeanour committed, other than inefficiency, there is a tendency just to have that person continued on?

The WITNESS: Of course, sir, you have to bear this in mind: in business you are dictated to by the amount of money that comes into your cash box, and if you are not making sufficient money you are going to cut down your overhead. In the government offices our cash box is the estimates that parliament pass. If you give us the money we will spend it. We are only human. Therefore, the real control in regard to economy in the public service is dictated by the amount of money appropriated annually. Now, the government goes over the estimates with great care and whittles them down. You were talking about staff. When the estimates came down for this year there were drastic cuts here and there; staff went down in the month of April. There was a sharp cut in staff in the month of April, amongst other reasons, because estimates were cut. If we have the money to spend, sir, I am afraid we spend it, no matter how good our intentions may be.

Mr. FLEMING: Mr. Gladstone is getting away from my question entirely.

Mr. GLADSTONE: I really wish to relate my question to what Mr. Fleming has stated, that there does not seem to be any real opportunity in parliament for consideration of the estimates so as to get down to the real efficiency of the operation of the departments.

Mr. MACDONNELL: May I interject, just along the line Mr. Fleming has apoted? I have often wondered whether you can get a realistic scrutiny of the size of the departments unless somebody from the outside can look in. I heard of a man who carried out a little plan. He was a manufacturer and his theory was that the only people who really mattered were the producers, and by producers he meant the people who produced things that pay. He went into a new company, and the first thing he did was sack the clerical staff, and he took back those who were considered necessary. I am not suggesting anything as extreme as that, but I was shocked when I found out about the office of economies. I said, "Now, that is what I am looking for"; and I discovered that the office of economies which I had hoped was an outside or separate critical body—discovered that it dealt with the purchase of furniture and stationery and that sort of thing—what I call chicken feed. However, I do not want to get away from Mr. Fleming's question; I am really pursuing the same line.

The WITNESS: In that regard, sir, you have to bear this in mind, that practically all our administrative statutes are predicated on the rule that the Governor in Council shall authorize this or that; therefore, we place the onus and the weight on the cabinet ministers to as great an extent as on council. If they authorize something, naturally we, down below, do not criticize that. Those above have too big a picture to cover.

Coming back to Mr. Fleming's point, I did not know that this matter was coming up to-day, but I was living in hopes that something of the kind might be brought up—

Mr. FLEMING: It is a bit of telepathy, perhaps.

The WITNESS: —and I had taken the liberty of drafting a little memo that I would like to place before this committee if I have an opportunity to do so. I had it mimeographed, and its purpose is to suggest to you what you might prudently consider recommending to the House when the government revises the Consolidated Revenue and Audit Act to bring it up to date; because in my opinion it was a good Act covering the period of 1931 when it was made, but

it is not a good Act in 1947 in view of the volume of business we have to-day and the time the House has to devote to other things. I have this memorandum here and I could circulate it or read it into the record if that is your desire.

Mr. FLEMING: You can do both.

Mr. JACKMAN: In view of the fact that the government in some respects is now somewhat analogous to a business corporation, do you think it would be better if each department was on its own feet rather than drawing on the Department of Public Works and other departments for special services? For instance, Mr. Macdonnell asked the other day in connection with the Public Works estimates about a large item for telephones. Apparently, the department merely requests an additional line or two and the Department of Public Works arranges with the Bell Telephone Company to supply that service and the department pays for that service, which means that we do not get a breakdown of the telephone services, and perhaps many other services in connection with each individual department. Now, would it be better if each department looked after its own affairs and paid for its own services out of its own appropriation rather than drawing upon the Department of Public Works?

The Post Office Department is a good example. The Post Office Department is supplied with all its buildings, some of which are ornamental. Would it be better for the Post Office Department to pay out of its own appropriation for its own buildings or space rather than have the Department of Public Works give those buildings to them gratuitously?

The WITNESS: Your example with regard to telephones, sir, is not exactly right. Unfortunately, we have a most involved system for getting a telephone. If a department wants a telephone the deputy head is supposed to make a preliminary inquiry and to recommend to his minister who must sign the form in triplicate. That form is then sent to the Treasury Board and an official of the Treasury Board goes over and makes an actual inquiry as to whether or not they need a telephone and then, so help me, the recommendation is approved by the Treasury Board formally and they are authorized to get a telephone. Then it is charged to Public Works. But generally speaking, I think you are on very sound ground with respect to the post offices. The Post Office Department, to my way of thinking to-day, is keeping superior quarters to what it needs in most places. That is to say, the ordinary post office building is a high-class building which represents a large expenditure of money, and so far as the service to be rendered is concerned they could use a much humbler building. Local pride demands that sort of post office building. I do not think the Post Office Department should be saddled with that part of our local pride.

The CHAIRMAN: If I may interject, I do not think most members from rural constituencies would agree that the post offices are well housed, because I think there is a lack of accommodation and poor quarters in most places.

Mr. FRASER: I can bear you out on that.

The WITNESS: Well, then we come to the burden placed on the post office in carrying the mails for the departments, the free mails. I honestly think that if the departments had to pay for their postage they would not frank nearly as much stuff and the mail boxes would not be nearly so full of literature from the departments if they had to actually put a three-cent stamp on an envelope in which they put a circular.

Mr. JACKMAN: You are not suggesting doing away with the franking privilege, are you?

The WITNESS: I think within the government services they should be called upon to pay postage for carrying their own mail.



*By Mr. Fleming:*

Q. Would you say that government property should pay municipal taxes where buildings are occupied, to give a fair reflection of the cost?—A. If the provincial governments would do that as well I would agree; but the municipalities are creatures of the provincial governments, and until the provincial governments pay taxes I say that the government would be foolish to pay taxes. In England, where there is no intervening provincial government, the British government has a scheme and it has worked for years. They refuse to recommend any law for municipal taxes or local rates, as they are called, but they appropriate each year a large sum of money in lieu of taxes for the local authorities. They have a department whose sole function is to go out and assess the government buildings in every municipality and to compare that assessment with local valuations used for local assessment purposes. They then come to an agreement with the municipalities as to how much the government will contribute in lieu of taxes for that particular property in that particular locality, and that is worked out very efficiently.

Let us take, for example, the city of Halifax and the town of Esquimalt. They take a terrific punishment by reason of the extent of our Crown property. Those are two outstanding examples.

Mr. FLEMING: I think in 1938 there was a figure of \$112,000,000 for Halifax.

Mr. ISNOR: Over 51 per cent is exempt in Halifax.

The WITNESS: I think that is a matter where the provinces have to agree to come into before the dominion. I think the dominion would be suckers—to use a common phrase—to do so if the provinces did not.

*By Mr. Jackman:*

Q. With regard to the question I asked and the proposition I broached, is it practicable to put the post office on its own feet? If you want ornamental buildings in some places it might be that the Post Office Department would be given a grant in aid from the consolidated revenue fund in order to cover the difference between utility and beauty. Do you think that it is practicable to put these government departments on their own feet financially—including telephones? With regard to the matter of putting postage on departmental mail, I am afraid you would have to add a lot of clerks to find out how much the cost of departmental mailing services would be. Do you see the feasibility of the question I asked?—A. I think it could be done, sir. In some places it would not be relative as regards price; you would have to calculate too fine; but in general I see no reason against it. Let us take my own little office—because I do not want to criticize another department—I have a staff of roughly 200 people. We are located in various buildings in Ottawa. In some cases those buildings are government owned and in other cases they are rented properties. Now, I think the Public Works Department should handle the rental situation, but I think I should have to contribute out of my appropriation sufficient to cover the maintenance charges in connection with buildings the department owns in which I am located or, in the case of rental, where I am in a rented building. The reason I say that is this: it would bring out the true cost of my office. Secondly, it would cause me to be a little more careful in allotting space if I had to pay the shot. I would be a little more careful in my estimates. As it is now I can ask the Department of Public Works to get me a thousand feet of space where perhaps I would get along with five hundred if I had to pay the shot.

Mr. MACDONNELL: If a thrifty fellow like you does that, just think what other people must do.



Mr. GLADSTONE: Would the procedure in a city outside of Ottawa, in the case of a public building, be that the ownership of the building would be vested in Public Works, and that Public Works would build the post office, pay rent, pay taxes, and pay for the light, heat and water?—A. I would not say it should have a breakdown of the items to arrive at the over-all cost of running that building according to the value of the space occupied. I would not think of going into a breakdown to the last cent.

Mr. ISNOR: Would you be in agreement with the thought of this committee of recommending as a start that the Post Office Department be placed on its own feet and operated along the lines of a Crown company?

The WITNESS: Yes, I have heard that in the memo.

The CHAIRMAN: I think the time has come to get the general picture.

Mr. JAENICKE: It is now almost half-past twelve. Do you not think we had better study this document?

The CHAIRMAN: I think it would be a good thing to permit the Auditor General to read that memorandum and we can ask him questions on it at the next meeting.

Mr. JACKMAN: What is the advantage of having it read if we do not ask questions about it?

The CHAIRMAN: We are doing this for the record. Our practice has been to permit the witness to read his statement.

Mr. FLEMING: This memorandum goes back to the question I asked.

The CHAIRMAN: I think it will be following the course which the committee has adopted to permit the witness to go ahead and read his memorandum and we will question him to-morrow.

The WITNESS:

1. The Consolidated Revenue and Audit Act dates from 1878. Its purpose is to regulate consolidated revenue fund transactions to the end that parliament preserves control over the public purse. In my opinion the time has come when, in its own interests, parliament should consider again the provisions of the Act.

2. There may have been a time when the Committee of Supply minutely examined estimate items, but demands now made on the time of the House of Commons are such that complete examination of estimates is impracticable. Estimates should now be presented in such a form that members do not have to guess purposes to which votes will be applied.

3. It is suggested that, instead of members of parliament having to seek explanations from ministers, "details" printed with the estimates should be in narrative form, setting out:—

- (a) the objects and purposes of the items,
- (b) explanations of increases,
- (c) the Acts, if any, which will regulate application,
- (d) the anticipated revenues,
- (e) comparisons with previous years, and
- (f) such other information as is necessary to permit members to familiarize themselves with the purposes and implications before items are called by the chairman of the Committee of Supply.

Existing legislation merely directs that the estimates "shall be for the services coming in course of payment during the fiscal year".

4. In the past ten years the number of items had increased. Using main estimates items, the number was 295 in 1937 and 484 in 1947. This increased

use of items dates from the session of 1938 when the number jumped from 295 to 440—although the total sum voted in 1938 was only \$10,000,000 greater than in 1937. The purpose was to confine departments more strictly to objects of expenditure. While results were thereby attained, I feel consequences were:—

- (a) inflations in sums sought, by reason of departments including contingent reserves in every item, as protection against unforeseen demands arising in the year; and
- (b) some difficulty to members in identifying the items on which they wish to put questions or make observations.

5. May I illustrate my thoughts on the subject by making reference to post office accounts. Parliament appropriated approximately \$61,500,000 for the postal service in 1946. The application of the votes was:—

Vote No.	Purpose	Voted	Spent	Lapsed
231	Departmental Administration ....	811,425	743,756	67,669
232	Post Offices .....	22,126,090	22,126,090	
670	Supplementary to 232 .....	1,234,720	1,039,400	195,320
233	Inspection and Investigation ....	953,750	912,938	40,812
234	Railway Mail Service .....	14,651,279	13,498,441	1,152,838
235	Air and Land Mail Services ....	19,862,725	17,724,216	2,138,509
236	Money order, savings bank and other activities including printing .....	1,876,181	1,649,718	226,463
237	Compassionate allowances for in- juries .....	5,000		5,000
		<u>\$61,521,170</u>	<u>\$57,694,559</u>	<u>\$ 3,826,611</u>

A glance at the foregoing shows that:—

- (a) if votes had been consolidated, the year-end supplementary of \$1,234,720 to vote 232 would not have been necessary; and
- (b) after all unanticipated expenses had been discharged, the Post Office Department had unused balances of \$3,826,611—an excessive amount in my opinion.

6. Adding various small expenditures, authorized by various statutes, total appropriation expenditures of Post Office were about \$58,000,000. But the Post Office Act provides that certain classes of postmasters be paid directly from revenue. In the year the amount was about \$15,000,000. Thus, direct Post Office disbursements were about \$73,000,000. Should study go further, it would be noted that the cost of certain steel equipment, etc., and the provision of all office accommodation is borne by appropriations for the Department of Public Works. That cost is not segregated in the accounts but, on a costing basis, may total \$3,000,000. Thus the real cost may have been \$76,000,000.

7. Gross revenues approximated \$83,800,000. If the value of postage stamps used for cheque tax purposes amounted to \$3,500,000—it is impracticable to establish an exact figure—the real revenue of Post Office was about \$80,000,000. A subtraction of estimated operating costs of \$76,000,000 leaves a profit of \$4,000,000. But section 20 of the Post Office Act fixes 2 cents as the first-class letter rate between places. The other 2 cents is a tax imposed for revenue purposes by the Special War Revenue Act. First-class mail produces approximately 50 per cent of the total revenue. Therefore, if one were to distinguish between the “service” charge and the “tax” charge, Post Office had an operating deficit. In turn, part of this deficit is due to the fact that about 28 million pieces of first-class mail matter and 100 tons of third-class matter for departments of government are franked. Were postage paid, the revenue would be about \$1,500,000.

8. It is submitted that it would be in the interests of the House of Commons were the financial requirements of the Post Office presented in all-inclusive form. That is to say, instead of estimates details consisting of accounting breakdowns, there would be a distribution of estimated income and disbursements to the various services in a manner which is self-explanatory and does not necessitate accounting calculations to disclose the true position.

9. The Board of Grain Commissioners' transactions afford another illustration. Its revenues were approximately \$2,000,000 and expenditures a little over \$1,900,000. In addition, government elevators had an operating income of about \$650,000 and operating expenses of \$380,000. The volume of business is dependent on the grain crop; yet the board must prepare its estimates long before seed is in the ground. As practice now is, the board presumably calculates its estimates on the possibility of a crop a little above the average. Two consequences may result:

- (a) in the event of a big crop, it must seek supplementary votes to meet extra operating costs; or
- (b) in the event of a small crop, it has larger appropriations than are needed.

My thought is that in cases of this type, parliament could have a safeguard against over-staffing, etc., were appropriations so devised that the sum available is determined by the effort which administrative officers put forth to make their activities self-supporting. If he who benefits is prepared to pay the cost, a service is no burden on the taxpayer. On the other hand, when experience demonstrates that those who benefit are not prepared to pay the cost, then the House has notice either that there is no real need for the service or that it is extravagantly organized.

#### THE REGULATION OF REVENUES

10. The Consolidated Revenue and Audit Act's directions with respect to the management of revenues are few: (a) collecting officers are to make deposits daily, and (b) the Auditor General is to satisfy himself that revenue collected is "fully accounted for". The Act makes the comptroller of the treasury answerable for the regularity of departmental expenditures; but no officer has a like responsibility for revenue transactions. There is no audit obligation to establish that all moneys, which should have been collected, were gathered in. In most departments the revenue audit does go beyond the statutory obligations, but until recently the Income Tax Division insisted on observance of the text. It is for this reason that the audit certificate of revenues, so far as Income Tax Division accounts are concerned, is qualified by paragraph 25. (Some months ago the audit office was informed that all taxation records are now to be regarded as open to inspection.)

11. It is my opinion that more specific legislative directions with respect to revenues are desirable. A reason is provided by paragraph 19, which refers to the situation with respect to fines collected by the courts. Another is to be found in paragraph 16, where it is noted that departments regard \$5,000,000 of accounts receivable as uncollectible (exclusive of income tax), yet they cannot be written off because there is no authority so to do. The mayors of various places would probably be surprised were they to learn that the government accounts list their municipalities as owing money because of the use of the militia in times of local unrest. Using a geographic selection, with dates in brackets, to illustrate: Nanaimo, B.C., \$255,313 (1913-14); Sault Ste. Marie, Ont., \$8,308 (1903); Buckingham, Que., \$2,350 (1906), and Glace Bay, N.S., \$36,644 (1909-10).



## VALUATION OF ASSETS

12. In paragraph 11 of the audit report for 1946 attention is drawn to a reserve of \$150,000,000 set up in the balance sheet "for possible losses on ultimate realization of active assets". While it is a bookkeeping reserve, it is suggested that there should be legislation regulating the valuation of assets for balance sheet purposes. A convenient illustration is provided by paragraph 101, which relates to the accounts of the National Harbours Board. The loans and advances from the government of Canada, as of December 31, 1945, were, in round figures:

Halifax .....	\$12,500,000
Saint John .....	17,000,000
Chicoutimi .....	3,800,000
Quebec .....	27,800,000
Three Rivers .....	4,000,000
Montreal .....	60,000,000
Vancouver .....	25,000,000

If you are interested, that totals \$150,100,000. The balance sheet of Canada incorporates, as active assets, only the investment in the ports of Montreal and Vancouver. This inconsistency takes its origin in the fact that prior to 1936 the harbour commissions of Montreal and Vancouver alone paid interest regularly. In 1936 all harbour properties were declared Crown property; consequently, it may be argued that:

- (a) the value of the Montreal and Vancouver properties for balance sheet purposes should be that established by physical valuations made by appraisals engineers;
- (b) the same treatment should be applied to the public property in the other ports;
- (c) if some commercial properties of the Crown are treated as assets for balance sheet purposes, then all commercial properties of the Crown should be treated likewise.

## STORES AND EQUIPMENT

13. In paragraph 10 of the audit report it is noticed that balance sheet assets do not include the value of departmental stores and equipment other than stores inventories of the departments of Public Printing and Stationery and Transport. The reason why the inventories of these two departments are set up as assets is because legislation fixes a maximum sum which may be invested in the year-end inventories and thus an annual monetary valuation is made. Stores are not infrequently the equivalent of money. In other words, if other departments have balances in appropriations which will not be required in the year, there is no legal impediment against stores being acquired to offset a possible cut in the next year's estimates. A special instance is noted in paragraph 3, where reference is made to a payment of \$7,735,000 to the United States to permit service forces to make selections in the fiscal year 1947 from the surplus stores and equipment of the United States government. In my opinion it would be in the interests of parliament were there general legislation with respect to all stores, etc., of departments.

14. Summarizing the foregoing, my view is that there should be legislation to regulate:—

- (a) the form of estimates and the printed explanations associated therewith;

- (b) the use of revenue arising out of services performed for the direct benefit of individuals;
- (c) the management of revenues;
- (d) the valuation of assets;
- (e) the management of stores and equipment inventories.

Mr. JACKMAN: I would like to ask a question regarding the Dutch guilders.

*By Mr. Isnor:*

Q. Before you come to that I would like to ask one question arising out of paragraph 11 of the statement which has just been read. What is represented in the amount of \$36,664 at Glace Bay?—A. What is it made up of?

Q. Yes?—A. It is the cost of sending troops down for a strike. All these are in connection with strikes.

Q. I thought that was cleaned up in 1929?—A. No, that dealt with the more recent case and the power the attorney general to send for troops. There are others. This is not an exhaustive list and I just pointed that one out.

*By Mr. Jackman:*

Q. In connection with the case of the Dutch guilders presented by our troops in Holland, may I ask Mr. Sellar exactly how our government went about financing our troop expenditures in Holland? Did we present the Dutch government with so many Canadian dollars or so much sterling, as the case may have been, and did we get in exchange for that Dutch guilders?—A. Pardon me, sir, do you need that answer this morning? I would like to be sure of the facts and I am going by memory. I would like to verify my facts and bring them in to you.

Q. What I want to get at is how the figures compare, the Dutch guilders presented for rejection in comparison with the total expenditures by our government in Holland?—A. I have not got that figure in my head.

Q. And I want to know, if I can, what the final result of this excess of Dutch guilders was? We have so many more guilders than we should have had apparently and did the Dutch government not allow us the use of those guilders to purchase materials in Holland as an offset, or were they worthless to us at the end?—A. That is what I understand. They are just being held, but I know there have been discussions within the last six weeks in the East block with a representative of the Netherlands government, and I would like to bring myself up to date on the subject.

Q. We have to assume the currency our troops and our government used was not Canadian currency, and what I had in mind was a news item which appeared recently in connection with the American army finances. The Americans had apparently lent the Russians their plates for printing American money in the occupied territories, and they now find far more American dollars were printed than was originally permitted under their licence. We had nothing of that nature? We did not use Canadian dollars?—A. No.

The CHAIRMAN: Are there any other questions on this morning's report?

Mr. FLEMING: May I ask Mr. Sellar not a question but something for to-morrow's meeting. Mr. Sellar has given us a very useful memorandum with some concrete recommendations which I think helps the committee very much. Could he put forward his views on another matter we have discussed this morning. The matter I refer to is this question of the fiscal year and how far it is practical to extend the rule that the financial year shall be the calendar year for crown companies, government boards, and government departments. Also I would mention this matter which Mr. Fraser raised about making the balance sheets of those crown corporations conform more closely to the normal corporate practices outside the government.

Mr. MACDONNELL: May I add to that, so that Mr. Sellar will not run out of work, a request that he make comments upon the necessity and the possibility of having something corresponding in peacetime to the War Expenditures Committee? His answer may be that he does not think it is useful.

Mr. ISNOR: I think that has already been covered.

Mr. FLEMING: It is a matter of getting any concrete recommendations that Mr. Sellar has.

Mr. ISNOR: It was the recommendation by the War Expenditures Committee that the two committees should be combined.

Mr. FLEMING: That would include Mr. Sellar's recommendation on my question about combining the functions of the two in one, Estimates and Public Accounts.

The CHAIRMAN: Well, I think we will adjourn until to-morrow morning at 10.30 a.m. if you do not mind. We have only one more meeting with Mr. Sellar.

Mr. MACDONNELL: Could I just say Banking and Commerce is meeting to-morrow at 10.30 a.m. and I know there are going to be other members of the committee there.

Some Hon. MEMBERS: 11.00 a.m.

Mr. FLEMING: There was some mention yesterday, Mr. Chairman, about meeting on Thursday regarding U.L.A.

The CHAIRMAN: From what we can see now I think it will have to be on Friday.

Mr. FLEMING: I would suggest that we arrange the meeting respecting the Veterans' Land Act for Friday and then Mr. Murchison and Mr. Cleve can be notified now to be here on Friday.

The CHAIRMAN: We will assume the committee concurs and the meeting stands adjourned until tomorrow morning 11.00 a.m.

The meeting adjourned at 12.55 p.m. to meet again to-morrow, Wednesday, July 2, 1947, at 11.00 a.m.













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Canada: Public Accounts, Standing  
Committee on, 1947  
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HOUSE OF COMMONS

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(STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 18

WEDNESDAY, JULY 2, 1947

WITNESS:

Mr. Watson Sellar, C.M.G., Auditor General.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947







## MINUTES OF PROCEEDINGS

WEDNESDAY, JULY 2, 1947

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Bradette, Cleaver, Cote (*Verdun*), Cloutier, Fleming, Fraser, Golding, Homuth, Jackman, Jaenicke, Macdonnell, Murphy, Picard, Probe.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General.

The committee resumed its investigation into the Report of the Auditor General for the fiscal year ended March 31, 1946.

Examination of Mr. Sellar was continued.

Mr. Sellar furnished the Committee with information promised at the last meeting relating to certain transactions by the army in Netherlands currency, and with memoranda containing suggested amendments to the Consolidated Revenue and Audit Act, 1931.

At 12 o'clock p.m., the Committee adjourned until 4 o'clock p.m., this day.

### AFTERNOON SITTING

The Committee resumed at 4 o'clock p.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Bradette, Cleaver, Cruickshank, Fleming, Fraser, Gibson (*Comox-Alberni*), Gladstone, Golding, Jackman, Jaenicke, Macdonnell, Murphy, Picard, Probe, Warren, Winkler.

*In attendance:* Mr. Watson Sellar, C.M.G., Auditor General.

Mr. Fleming filed the following documents which are printed as appendices to this day's minutes of proceedings and evidence:—

*Appendix "A"*—Sessional Paper No. 1350 dated Friday, March 7, 1947.

*Appendix "B"*—Sessional Paper No. 135A dated Thursday, February 27, 1947.

*Appendix "C"*—Sessional Paper No. 38C dated Thursday, March 13, 1947.

*Appendix "D"*—Order in Council P.C. 6359 dated Tuesday, October 2, 1945.

*Appendix "E"*—Order in Council P.C. 4450 dated June 22, 1945.

Mr. Sellar undertook to furnish the Committee with a supplementary memorandum containing further suggestions regarding amendments to the Consolidated Revenue and Audit Act, 1931, which was ordered to be printed as *Appendix "F"* to this day's minutes of proceedings and evidence.

It was agreed that the steering committee draft a report for submission to the main committee embodying the suggestions made by Mr. Sellar relating to amendment of the Consolidated Revenue and Audit Act, 1931, and to the manner in which the estimates are presented to, and dealt with by, the House.

Mr. Sellar retired.

At 4.45 o'clock p.m., the Committee adjourned until Friday, July 4th, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*



# MINUTES OF EVIDENCE

HOUSE OF COMMONS

July 2, 1947.

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, we have with us again Mr. Sellar who has brought with him the answers to some of the questions he was asked yesterday. One question concerned the amount of Dutch guilders in circulation; another one concerned the dates of the fiscal year period and the third concerned the consideration of the estimates and public accounts. I think it would be in order if we asked Mr. Sellar to read the first answer, since it came ahead of the matter with which we were dealing at the end of the previous meeting. After that, we can go ahead with questions on the memorandum which Mr. Sellar produced yesterday at the end of the meeting.

## Mr. Watson Sellar, C.M.G., Auditor General, recalled:

The WITNESS: On the question of Dutch guilders, I was asked as to the general history of the amount involved. My memorandum is as follows:

The army, when it commenced pay in Netherlands currency, received 20,000,000 guilders to finance day-to-day money requirements. From the date payments in guilders commenced to October 31, 1945, (as of November 1st a new guilder was put into circulation) pay issues amounted to 13,101,313.91 guilders. Other official issues brought the total to 17,987,874.84. With respect to the "old" guilders, army authorities redeemed 57,279,074.30 guilders. A classification of the redemptions, by sources, is:—

Canteen Sales .....	253,269.03
Bronco .....	6,036,586.02
Flower services .....	1,587,336.05
Excess funds from field post offices .....	12,209,291.60
Surplus regimental funds .....	1,253,508.91
In trust for deceased personnel .....	48,830.13
Exchanges .....	35,752,265.58
Miscellaneous .....	137,986.98

In addition, the army itself held 864,259 guilders. Thus a total of 40,155,455.40 guilders is established.

Gentlemen, I might say that my second to last sentence is a catch-basket one. I could put in qualifications as to the distribution of the 800,000 guilders but, for convenience, I just merged it as though the army held it all.

At this point Mr. Cote assumed the chair.

## By Mr. Jackman:

Q. Mr. Sellar, when the Canadian army got 20,000,000 guilders for day-to-day expenses, what did they give the Dutch government in return for those, Canadian dollars or sterling?—A. Sterling, sir.

Q. At the then rate of exchange, I presume?—A. Yes.

Q. When the accounts were officially balanced, it was found the Canadian government had over how many guilders?—A. We had acquired 57,000,000 guilders.



Q. And the Dutch government refused to give us credit or purchasing power for the 57,000,000 net over?—A. For the 40,000,000 altogether.

Q. So, we had acquired 37,000,000 Dutch guilders which we should not have acquired, is that it?—A. Which the Dutch government refused to take anyway.

Q. Why would the Dutch not honour their own currency in that way?—A. Remember, my knowledge is somewhat limited but as I understand it, on October 31, 1945, the Dutch government cancelled its old currency and substituted a new guilder. The government allowed six or seven days for the redemption of the old guilders and after that they were outlawed.

Q. We did not turn them in fact enough, is that the only reason?—A. No, sir, perhaps that may be true to a degree, but the real complaint was that the undertaking of the Dutch government was 20,000,000 guilders. We had 57,000,000. We had acquired guilders for purposes other than army purposes.

*By Mr. Fleming:*

Q. I suppose the Dutch would take the stand that their resources in foreign exchange were pretty limited. I suppose to redeem another 40,000,000 old Dutch guilders would have been a terrific on their resources of foreign exchange?—A. Further, you have to bear in mind that whatever they did with the Canadian government they would have to do with the other governments which had troops in the Netherlands.

*By Mr. Homuth:*

Q. What do you mean by army and other purposes? What do you mean by other purposes?—A. You mean the difference between 13,000,000 and 17,000,000?

Q. Yes.—A. Those would be ordinary charges they would have to pay for services. I did not try to break it down. It is miscellaneous payments the army would make from day-to-day.

*By Mr. Jackman:*

Q. I understand why the Netherlands government would not have sterling or dollars available, but I do not understand why we did not have a credit in Dutch guilders spendable in Holland?—A. The Dutch refused to recognize the old currency at all.

Mr. PROBE: Is it not true that a regulation had been put into effect by the army which forbade the trafficking in guilders or in the currency of the countries we were in at the time. At the time the troops were in that country that regulation, was it or was it not still in effect at the time Mr. Sellar is referring to, after October 1, 1945? I think that is the answer as to where the money was accumulated. There was an element of exchange, cigarettes for Dutch guilders and so on. Was that army regulation or service regulation still in effect which forbade Canadian troops to have commercial relations with the Dutch? I think that is the key as to where the money came from.

Mr. FLEMING: That was mentioned yesterday.

*By Mr. Murphy:*

Q. Would there not be a day-to-day check, Mr. Sellar, through the different channels as to the amount expended or exchanged?

*By Mr. Probe:*

Q. Mr. Sellar has not answered my question yet.—A. I do not know about the regulations or what they were. You have to bear in mind that the Netherlands people were a friendly, allied people as distinct from the German people. I do not know what army orders were in respect to what we might call fraternizing.

Q. We had the same orders in Normandy and Belgium when I was there. We were fraternizing in the accepted sense, but we were forbidden to traffic. There is quite a difference?—A. As to that, I know nothing. My interest in this item and the reason I brought it before you is that in round figures we have \$16,000,000 in currency. In ordinary bookkeeping accounting it should be reflected in credit or cash in the bank. It is not; it is just charged off as a cost of running the army. I think that should have been identified in public accounts and that is my reason for putting it before you.

*By Mr. Fleming:*

Q. It has never been before parliament at all?—A. No, not directly. However, it is disclosed in the public accounts. The department set it out themselves.

*By Mr. Gladstone:*

Q. What is the procedure? I do not understand what happened. A Canadian soldier traded cigarettes and came into possession of guilders, what is the next step? How do the guilders get into the possession of some authority and what consideration is given a soldier for turning over the guilders?—A. My understanding is this; when a soldier left the Netherlands he was stripped of Netherlands currency and given the currency of the country to which he was going or else he received credit in his pay account. I think that is true, but if you want to be sure you should call somebody from the Department of National Defence.

*By Mr. Jaenicke:*

Q. When the Dutch issued that new currency you said they called in the old currency, is that right?—A. They refused to convert the old currency after a certain date.

Q. When they did convert the old currency into new currency, at what rate did they convert it?—A. I do not know.

Q. Did they give a guilder of the new currency for a guilder of the old currency?—A. I do not know.

*By Mr. Homuth:*

Q. Had we got in under the date line, we would have received sterling or dollars for the guilders we had?—A. No, the Dutch government refused to take them.

Q. But had we got in under the date line . . . ?—A. No, the Dutch government said 20,000,000 guilders were their liability.

*By Mr. Ashby:*

Q. You do not know how they arrived at that figure?—A. Of the 20,000,000?

Q. Yes.—A. That was our request, that would be the army request in the first instance for money. I am told, this is hearsay, that the army people first became disturbed over the situation by the degree of absenteeism from pay parades showing the troops did not need money.

*By Mr. Fleming:*

Q. Mr. Chairman, as Mr. Sellar stated yesterday this matter is still under negotiation between the two governments. The story is not necessarily closed?—A. No, sir, I know the Department of Finance has had conversations with the representative of the Netherlands government within recent weeks.

*By Mr. Jackman:*

Q. The guilders were perfectly good spendable currency as long as they were in the hands of the troops, but once they got into the hands of the government in excess of 20,000,000 guilders which were exchanged officially

for Canadian dollars or sterling, then the guilders became worthless apparently?—A. Yes, the troops got the money. The troops were paid.

*By Mr. Fleming:*

Q. The government is being called upon to take the loss by reason of signing this agreement with the Netherlands government and putting this ceiling of 20,000,000 on exchangeable currency?—A. That is the situation, yes.

*By Mr. Jackman:*

Q. In the original contract between the Canadian forces and the Dutch government there was a ceiling. We were just given the fact that 20,000,000 Dutch guilders were to be at the disposal of the Canadian forces in exchange for another currency. Was there anything in the contract of which you know, Mr. Sellar, which said 20,000,000 will be the amount which the Dutch government will honour when our troops withdraw from that land?—A. I have never read the document to that extent, so I would not like to say, sir.

Mr. PROBE: I am sorry I was not here yesterday, but what is the object of enquiring into this? Are we to make some recommendation to the House of Commons in respect to the amount of money apparently that the Dutch government is refusing to honour because of the Dutch guilders we find in our possession? Is our enquiry with respect to the disposal of this money or is it to trace how that money came into the hands of the Canadian troops?

The Acting CHAIRMAN: Mr. Picard will be in a better position to answer you than I am. I was at the industrial relations committee yesterday.

Mr. FLEMING: Mr. Sellar brought it out as an illustration.

The WITNESS: I have it in my report. It is item 72. I draw attention to this transaction because here is currency charged to a parliamentary appropriation and it is not reflected in the cash balances held.

Yesterday, I said they had a similar transaction in England. I may have misled you when I said a similar transaction because that transaction deals with Reich marks and Austrian currency. The Netherlands was not specifically mentioned. The British dealt with it by supplementary estimates and quite recently the House of Commons authorized £20,000,000 to be written off as balances irrecoverable and claims abandoned.

The explanation given was as follows:—

In addition to the increased expenditure brought about by the above changes...

They were dealing with the changes in army costs.

...it is necessary to make provision for substantial losses incurred on accumulation of surplus marks and schillings in Germany and Austria. On the 20th May, 1946, the Secretary of State for War informed the House of Commons of these losses and announced the introduction of the British armed forces special vouchers scheme. The supplementary estimates provides £20,000,000 to cover such of the losses as were incurred during the current year prior to the introduction of the special vouchers scheme.

The British government has written this off as a total loss, but they are dealing with Reich marks and Austrian currency.

At this point Mr. Picard resumed the chair.

*By Mr. Fraser:*

Q. The British were dealing with enemy countries and not with allies?—A. Yes.

Q. The way I look at it our troops overseas have evidently benefited by this money. I do not blame them a bit. However, I think it is up to your



department to try and work out some way by which that cannot happen again in another war. I feel that this Canadian Commercial Corporation may possibly recover some of that money for us when they are buying goods overseas.

Mr. FLEMING: I think there are two things which are entirely separate and between which we must distinguish. The first one is the administration problem of the armed services, in regard to whatever control they exercised over the troops and their transactions. Mr. Sellar's problem is a different one. It is to see that if money is to be issued for these purposes it must be appropriated for the purpose and should not just represent dipping into a general army pot. This is a matter which should be specifically voted by parliament.

Mr. PROBE: Has this already been done? Have we already balanced the deficit? The Canadian government has already paid this?

The CHAIRMAN: This item of \$16,000,000 or something like that is included in the army estimates which are to be voted. It is reported in the Auditor General's report here. The witness is bringing it to our attention because he feels this should have been the subject of a special war entry and a special vote by parliament as has been done in England. He has just brought our attention to the procedure which might have been followed. Does that answer your question, Mr. Probe?

Mr. PROBE: Yes, thank you.

The CHAIRMAN: Now, gentlemen, we might pass on to the next item.

The WITNESS: The next answer deals with the fiscal year periods. I am not sure what I was asked for, but I assumed you wanted a list of the various companies and boards with the end of their fiscal years. Now, I have circulated the list and have divided them between those which I audit and those which are audited by commercial auditors. Do you wish me to read this list of these various companies?

The CHAIRMAN: No, you can dispense with that.

Mr. FLEMING: But it will go into the record.

The CHAIRMAN: Yes, we will have it put in the record but you can dispense with reading it.

(The list of companies to be included in the record is as follows):

1. Active Crown corporations and instrumentalities with fiscal year ending March 31 are:—

*Audited by Auditor General*

Canadian Arsenals Limited  
 Canadian Broadcasting Corp.  
 Canadian Commercial Corp.  
 Commodity Prices Stabilization Corporation  
 Federal District Commission  
 National Battlefields Commission  
 Park Steamship Company Limited  
 Polymer Corporation Limited  
 War Assets Corporation  
 Wartime Housing Limited  
 Wartime Shipbuilding Limited  
 Yukon Council.

*Audited by Commercial Auditors*  
 Canadian Farm Loan Board.

2. Like bodies with fiscal years ending December 31 include:

*Audited by Auditor General*  
 Custodian of Enemy Property (1947)  
 Export Credits Insurance Corp.

- \*Eldorado Mining & Refining (1944) Ltd.
- Foreign Exchange Control Board
- National Harbours Board
- \*Northern Transportation Co. Ltd.

*Audited by Commercial Auditors*

Bank of Canada  
 Canadian National Railways  
 Central Mortgage and Housing Corporation  
 Trans-Canada Air Lines

3. A few have year-end dates at other periods. They are:

*Audited by Auditor General*

Canadian Sugar Stabilization Corporation Ltd. (probably August 31).

*Audited by Commercial Auditors*

Canadian Wheat Board (the crop year—July)  
 Industrial Development Bank (September 30)

The WITNESS: Then, I will start reading at paragraph 4.

4. Corporate bodies which are treated as departments use March 31. These include: National Film Board, National Gallery, National Research Council and Unemployment Insurance Commission.

5. From the viewpoint of the Audit Office, it would facilitate its work were the fiscal year-end of all corporations which are audited by it designated as December 31st. The reason is that all of such accounts would be out of the way before the final examination was commenced of the accounts of the government.

6. With respect to the suggestion that the fiscal year-end of the government be December 31st, obstacles which present themselves include:—

- (a) Parliament would have to meet in November or December to vote interim supply.
- (b) In view of our climate, field work starts in the spring months, therefore departments would have to estimate far in advance of actual requirements.
- (c) The dominion and the provinces have many interlocking interests, and as a result, the provinces are progressively adopting the March 31st date in order that statistics and financial statements and arrangements are easily reconcilable.

Those were the three points which I could see, Mr. Macdonnell, which I thought you should weigh from my angle.

*By Mr. Fleming:*

Q. Do I take it you are recommending to the fullest extent possible that the corporate bodies should have a fiscal year corresponding to the calendar year?—A. It would certainly be a convenience to me. It might present a little problem when you are comparing the financial reports of a corporation dated December 31st and the Public Accounts of Canada dated March 31st. You might see an advance from the government reflected in the books of the corporation at a certain figure and then when you looked at the public accounts you would see a different figure because of the three months interval, but I do not think that is imperative.

\*Planning to change to March 31st.

Q. How is that situation met at the present time in the case of Crown corporations which are on the calendar year basis?—A. Well, take the National Harbours Board; it is the simplest one. We show a figure as of December 31st in the National Harbours Board. The Department of Finance shows the figure as of March 31st. There is sometimes a difference. If a person did not notice they were two different dates, he might say the figures were in conflict. I do not regard it is a serious problem.

I have put down here the Sugar Stabilization Board as having a fiscal year date of August 31st; that is the end of the sugar year. I am told they are playing with the idea of accepting March 31st, but I have no official notice of it so I put it down as August 31st.

Q. Has this matter been the subject of discussion between you and the governmental officials responsible?—A. No, sir.

Q. The matter has not been recently discussed?—A. No.

Q. Was there any discussion with you or any discussion of which you are aware when these various Crown corporations were set up as to what might be the best fiscal year in each case?—A. We will use the munitions companies, if you will localize it to that extent. I think it was discussed. We took the view as those companies were going to be financed out of war appropriations it would be well to have their dates coincide with all of the departments.

Q. That would be March 31st?—A. March 31st, but that situation has changed now as the result of the Government Companies Operation Act.

The CHAIRMAN: Are there any more questions on that memorandum?

*By Mr. Jackman:*

Q. To the list of those audited by commercial auditors, I suppose you could add the name of the Canadian West Indies Steamship Company?—A. Yes.

Q. And the Hudson Bay Railway?—A. Yes. The Hudson Bay Railway company is treated as part of the Canadian National Railways for administrative purposes.

Q. And audited by independent, outside auditors?—A. Yes. We are interested to the extent there is a parliamentary appropriation to make good any deficit. We are interested to that extent and beyond that we are not.

There may be various companies I have omitted from the summary, such as the Aero Timber Products, which is just a standby company now.

*By Mr. Macdonnell:*

Q. Mr. Sellar, I presume you would say that by and large this system is working out pretty well, but you would like to see in connection with these ancillary operations, the calendar year used?—A. Yes, I am a little selfish in this regard because it means my staff work could be better distributed.

*By the Chairman:*

Q. For parliament to have an exact picture of the reports that would not matter, as you said a moment ago?—A. You would have the reports. Take the National Harbours Board, I have signed all the reports for all the ports and delivered them. I think the last was three weeks ago.

*By Mr. Macdonnell:*

Q. You have pointed out that there is this lapse of time which means that you certify accounts as of the end of the year; then all that goes into the government's account itself three months later. If there is any likelihood of the three months period being untypical so the thing was a great deal distorted at the end of the three months period, we would get a false picture in public accounts and that would be important but I gather from you you do not expect there would be anything of that kind?—A. The chances are that would arise, unfortunately, in the case of the Canadian National Railways because if the



Canadian National Railways happens to be running in a deficit position it might mean a rather heavy advance from the government in January, February and March because those are the winter amounts and the hard months. You already face that situation with respect to the Canadian National.

Q. It is better that we should get a less favourable picture rather than a more favourable picture.

Mr. FLEMING: There is another advantage, apart from the one which Mr. Sellar has said he was putting from a selfish point of view. I should like his comments on this; if these Crown corporations were put on a calendar year basis and the books closed on December 31st, parliament would receive their annual reports and their audited statements during the session then next ensuing which would be the spring following. As it is now, when these companies are on the government fiscal year basis ending March 31st, we do not get the advantage this current session of parliament of these reports except in very rare cases. Usually, it is a matter of going over until the following session just like public accounts.

The WITNESS: Well, of course, the idea is and your legislation of last year was, that these would be all tabled by the first of July.

*By Mr. Fleming:*

Q. That is for the corporations which are operating under the Crown Corporations Act, but there are all these others which are set up under a special act and are operating on the government fiscal year basis. I think it is a matter of considerable importance. I instanced yesterday the Canadian Broadcasting Corporation. Here is a committee sitting this year going into the affairs of that organization and the last complete report before that committee is for the fiscal year 1946. Here we are sixteen months later, supposed to be reviewing those affairs and we can get only an approximate statement for the fiscal year ending March 31, 1947. It is not a finally audited statement of the company. It seems to me, quite apart from the matter of facilitating the internal operation of Mr. Sellar's department, this is a matter of the very highest importance for the working of the House of Commons. We are working with stale information part of the time?—A. Take the C.B.C. or any others, the statement for every one of them would be out not later than four months after the end of the year without any additional staff.

*By Mr. Fraser:*

Q. You would mean by that you would issue two books of this nature; one for the Crown companies and one for the ordinary accounts, would you?—A. No sir, because you already require the minister over these companies or in the case of the C.B.C., the governors to present to parliament a report including the financial statement. It is already in.

*By Mr. Fleming:*

Q. They are tabled separately?—A. You get them separately.

*By the Chairman:*

Q. How soon after the end of the year, if it was fixed at December 31st, could you bring a report that could be tabled in parliament?—A. If the year was fixed at December 31st, the first company's report would be ready in February; the next company report would be ready a week later and perhaps it would progress in that manner up to four months.

*By Mr. Fleming:*

Q. That is to say, if parliament was sitting beginning at the end of January it would receive a continuous string of reports of the operations for a period that would not be more than a month or two months, or at the very most, four months?—A. Yes, they would not be—

Q. We would be working with up to date information instead of the stale information with which we work far too often now?

The CHAIRMAN: The reports Mr. Sellar brings would result in our sitting here until August or September. If we received one in July it would form a basis for further questioning.

Mr. FLEMING: That is the reason for moving it back to December 31st.

The CHAIRMAN: You want to advance the time you are here. If we get a report for say 1946, with the year ending the 31st of December, we would not get the report let us say until July.

Mr. FLEMING: Mr. Sellar said it would take four months.

The CHAIRMAN: It would mean you would be keeping parliament here longer.

Mr. FLEMING: No, it would mean keeping parliament a shorter time because we would get the last of these corporation reports around April. We would be receiving these reports in February, March and April instead of having them come in now on the eve of prorogation of parliament or perhaps even after. I understand the C.B.C. report will not be ready until August of this year.

The CHAIRMAN: We will receive all these corporation reports, but we will not receive the general audit so we will be one year late as we are now.

Mr. FLEMING: That is a different matter.

The CHAIRMAN: Are there any other questions, gentlemen, on this item? Shall we go on to the next item?

*By Mr. Jaenicke:*

Q. If all the accounts were audited by you, Mr. Sellar, the accounts which are now audited by commercial auditors, how much additional staff would you require? Have you ever figured that out?—A. No, sir, I have never tried to figure it out. Parliament having decided that certain bodies should be audited by commercial auditors, I did not pay any more attention to it. The big consideration, of course, would be the Canadian National Railways.

*By Mr. Macdonnell:*

Q. I just ask you if it would be fair to sum up what you say, Mr. Sellar, by saying you are in favour of using the end of the year for these Crown corporations in spite of the very slight disadvantage there would be. Would that be a fair summary?—A. Yes.

Mr. MACDONNELL: I take it this is not the proper time to suggest any action by the committee. The time for that will come later, Mr. Chairman?

The CHAIRMAN: Yes. Do I understand, Mr. Sellar, you are personally making a recommendation to that effect?

The WITNESS: Yes, so far as the companies I audit are concerned, I am not in a position to know the internal machinery of the other companies.

The third memorandum, gentlemen, I present with some diffidence. Mr. Macdonnell asked me yesterday to give my observations on a point beyond my knowledge or field. It is in connection with the estimates. He asked whether there were any means by which the estimates and public accounts may be discussed while still fresh. I think that was his thought.

The following is the memorandum I have prepared:—

## RE CONSIDERATION OF ESTIMATES AND PUBLIC ACCOUNTS

1. The Consolidated Revenue and Audit Act, 1931, contemplates that the accounts be closed on May 31st. During the war the date was always much later, because of closing entries with respect to overseas accounts, etc. The accounts for 1946-47 are not closed yet.

2. The mechanical side of printing requires four months at present. It would be prudent to add at least one month for first copy for the printers. Consequently, only by an early closing of the accounts can the volume be available before the new year. Of course, the Public Accounts of Canada are much more detailed than is general for national governments. Were it considered that some detail could be eliminated, a shorter time would be required for production.

3. So far as the Auditor General's report is concerned, it can be produced within six weeks after the balance sheet is proffered for certificate.

4. As to the question of the same committee considering current estimates and the public accounts, it appears that such a plan is receiving serious consideration in England. The report of a Select Committee on Procedure (ordered printed October 31, 1946) deals with the question and recommends:—

For these reasons your committee consider that the functions of the committee of public accounts and the estimates committee would be better performed by a single committee. Such a committee would have no powers beyond those possessed by the separate committees now, and there would be no change in the position or duties of the Comptroller and Auditor General, either in relation to the departments or the committee. The advantage of combining both functions in a single committee working through sub-committees is twofold. First, the knowledge and experience gained by examination of the accounts would be brought to bear upon the examination of current expenditure, and vice versa. Secondly, a single committee with sub-committees provides a method for co-ordinating the whole work of the examination of expenditure, for which neither overlapping membership nor any other method of liaison is a satisfactory substitute. The result would be a strengthening of parliamentary control of expenditure and it might be that fewer members would be needed for this work. As to the number of sub-committees needed and the division of the work, your committee think that these details would be better settled by the committee itself in the light of its own experience.

5. It is, of course, to be borne in mind that supply procedure at Westminster differs from that followed in Canada. Twenty sittings are set aside for estimates; items are selected for discussion by the opposition and the debate is on public policy. On the last day, or August 5th, at the latest the balance of the estimates are automatically passed.

6. I doubt if such a procedure would now be regarded as satisfactory in Canada. At the same time, one cannot ignore the time demands made on the House of Commons. My suggestion therefore is that thought might be given to:—

- (a) reducing the number of votes, in order to facilitate debate and to permit closer estimating.
- (b) requiring more extensive printed explanations to be provided to members;
- (c) dividing the estimates into groups, one group consisting of items which may be financed out of operating revenues;
- (d) the House referring to a committee for examination and report (before consideration by Committee of Supply):
  - (i) all items for which a minister is not directly answerable for the estimate. For example, the items for the House of Commons, the Senate, the Library, the Auditor General's Office, the Chief Electoral Office, the Civil Service Commission, the Courts, etc.;



- (ii) all items to be financed out of operating revenues. This would include such bodies as the Post Office, the Board of Grain Commissioners, the Patent Office, etc.;
- (iii) all items where administration is not directly controlled by a minister or by the Consolidated Revenue and Audit Act. For example, the National Research Council, the National Film Board, or any grants to the National Harbours Board, the Federal District Commission, the Canadian Broadcasting Corporation, or a Crown company, etc.;
- (iv) any grant which will not be accounted in detail to parliament. For example, grants to associations, fairs, steamship subventions, etc.;
- (v) any grant to be administered by a provincial government or by a municipality;
- (vi) any grant which the Speaker is of the opinion gives rise to the question: Is the purpose within the phrase "for the public service" of Canada?

I have taken the phrase which I quoted from the B. N. A. Act.

*By Mr. Fleming:*

Q. Item No. 1 in that last group, Mr. Sellar, an item for which the minister is not directly answerable for the estimate. You have given some examples. What about the statutory items, those items in the book of estimates marked with an "S". Do you include those?—A. You cannot do anything about them unless you are going to amend your Act. They are just included now for your information.

I am now working on my report for the next fiscal year. I am very seriously considering recommending to you that you should take a look at one statutory item for \$160,000 paid annually to the fishermen of the maritimes. It is supposed to be the equivalent of the Halifax award which was allotted or was paid back 60 years ago, over 60 years ago. The basis of the distribution was then set down. Conditions have changed materially since and I think there may be some way that the \$160,000 could be of greater benefit than as now applied. I do not say I am right, but I say it should be considered.

Otherwise, you have not got before the committee on supply an official statutory item at all. They are just there for your information.

Q. But they are linked with the item for administration of that particular department. They come up for consideration with the administration item?—A. For every vote, you start off with the minister's salary.

Q. I am thinking about a statutory item. For instance, under the Department of National Health and Welfare you have the old age pensions. You have two items, one for administration and then you have the statutory item which is the actual amount of the pensions paid?—A. Yes, that is there just for your information.

Q. But so far as discussion is concerned, you get it on the administration item?—A. Yes.

*By Mr. Macdonnell:*

Q. There is one item on page 2 of this last memorandum, (d),

The House referring to a committee for examination and report—  
Am I right in thinking that would be substantially a committee like the single committee which is mentioned on the preceding page; the same kind of thing in general?—A. I have not tried to reason that out, sir. My only thought was this; that there should be one committee to deal with them all and not send some estimates to the external affairs committee; some to the industrial relations committee; some to the fisheries committee, the agricultural committee and so on. I thought they should all go to the same committee, whatever it was.

Q. Would it be a committee which might be generally described as discharging the functions of the committee on public accounts and estimates as they call it in England? Would it be generally like that?—A. I would say yes, that would be my thought. What the thought would be from the point of view of the House of Commons, I do not know.

*By Mr. Fleming:*

Q. You might possibly use subcommittees. There is no reason why, in the case you mentioned, external affairs estimates could not be referred by the main committee on estimates to the committee on external affairs as a subcommittee to perform the functions of a subcommittee and report back to the main committee?—A. I agree with you there. Your idea is to be critical of the estimates. You want to promote economies in the estimates.

Q. And obtain information, too?—A. Yes, I know, but if you send the estimates to a committee—I am not using the words in an insidious way—but a committee that has a hobby would be partial towards the estimates of that department. Let us say the fisheries committee were considering the fisheries estimates. All the members of the committee would feel that the estimates were too low for the proper maintenance of the fishing industry.

Q. Yes, and you need not limit it to fisheries, you could use agriculture as an illustration?—A. I would not draw the line anywhere. You would want to see the estimates go to a cold-blooded committee rather than a friendly committee.

MR. BRADETTE: When the estimates went before the external affairs committee we did not find the state of mind which has been mentioned by the witness. We were very careful in scrutinizing as thoroughly as possible all the estimates and enquiring into all the ramifications of the Department of External Affairs. We always had in mind keeping the expenditure as low as possible. I just want to correct that impression because we have had the external affairs estimates before us for the last three years.

MR. MACDONNELL: But do you not think that is because that is money which is being spent outside the country?

MR. BRADETTE: It may be, but we have been good watch dogs. So far as economies were concerned, we were willing and ready to use the broad axe if necessary. The members of the committee were not backward in stating their feelings on the subject.

As Mr. Sellar has suggested, it might be very different if we were dealing with an agriculture or fishery committee. In a committee such as external affairs, the members are dealing with a question in which they are all interested but in a different way from a member sitting on a committee such as agriculture. If you were a farmer sitting in the agriculture committee, you would want to see as much money go to the farmer as possible.

MR. FLEMING: I should like to bear out what Mr. Bradette has said. This committee did perform a useful function in getting out the information about the workings of this department as well as questioning the estimates. Information was obtained concerning the department which had not been brought out before. You cannot possibly do that in a committee the size of the committee on supply.

MR. BRADETTE: In a committee such as the House committee on supply, you only receive information indirectly. It is conveyed *sotto voce* to the minister and then expressed to the members of the committee. In a special committee, you have direct information from the officials concerned. This fulfils two great functions. It relieves the poor minister from a lot of drudgery and it gets direct information to the members of the committee quickly. The procedure followed in the House is not a businesslike one. In the committee on



external affairs, we had expert officials who knew the situation. We secured the information quickly and in a very clear, forceful way.

Mr. FLEMING: And directly.

Mr. BRADETTE: Yes, and directly. It was a marvellous experience for me and I believe the other members of the committee as well.

Mr. FLEMING: The minister did not even come to those meetings. The officials were there.

Mr. BRADETTE: Yes, he was saved a great deal of the burden. All the members of the committee were bright and quick in expressing their opinions on each item of the estimates. They expressed their opinions clearly and forcibly.

Mr. JAENICKE: I agree with that, but at the moment, I agree that if you were to go into the estimates thoroughly a committee such as Mr. Sellar suggests would be more advantageous. After all, we can investigate the workings of the departments when going through the estimates. In my opinion, we can call the officials. One thing about our foreign service; our legations and embassies, things of that nature, so far as external affairs are concerned we can call those officials for that information. So far as criticizing expenditures are concerned, I am of the opinion that Mr. Sellar's idea of having a general committee to investigate all the expenditures is much better than referring those expenditures to departmental committees. I think we are very just and mutually impartial in the external affairs committee, but I certainly think if you referred the agriculture estimates to the agriculture committee and the fisheries estimates to the fishery committee you would find those committees were interested in those particular industries and would certainly be partial, as has already been indicated by Mr. Sellar.

Mr. FLEMING: Mr. Chairman, I do not know that the two ideas, I think Mr. Sellar agrees, are necessarily exclusive. If you had this committee specially charged with a review of the estimates and a review of public accounts, it might want to farm out some part of its work, specialized work for instance, to the external affairs committee.

In the case of the External Affairs Departmental estimates, it might be that there is so much work to be done by that committee, if it did a thorough job, it might need assistance from some of the other standing committees. The standing committees could review the estimates of the departments closest to them. I do not think the ideas are necessarily exclusive. I think they could be harmonized in the light of experience. I think it is very important in the light of our experience with estimates, of which I can only speak in this present parliament, to have some standing committee do a really serious job of reviewing the estimate. I think the way we are handling our estimates in the House, as I said some little while ago, is little better than a farce.

Apart from a rare case, we do not sit down and check over the estimates at all. There are general discussions on policy. All members bring forward some particular problem which may have no relation to the actual expenditure, but which is simply related to the department. There is no committee or any body around here at all officially charged with the checking of the expenditures.

The CHAIRMAN: Many of the questions asked in the committee on supply are sort of fishing expeditions to get information more than actually checking on the estimates.

Mr. FLEMING: It takes a lot of time because a lot of members in the House are not interested in the particular item under discussion. They become restless and the result is that the member who is trying to get information is harried.



Mr. BRADETTE: I have been a chairman of the committees of the House and from my experience I would say that what Mr. Sellar asks now is something which might prove to be very beneficial. No one can study our estimates under present conditions. Our estimates are not thoroughly scrutinized for the simple reason when any new department is brought in, the first item is administration. This always brings forth a general discussion and the chairman has practically no means by which he can curtail the discussion in any way.

There is a suggestion in Mr. Sellar's report, in section 5, which says,

It is, of course, to be borne in mind that supply procedure at Westminster differs from that followed in Canada.

If we follow the British procedure we will be far ahead of the game, and then that committee will have reasonable opportunity to go into all matters. That will happen through the discussion we have on practically all items, not only administrative, but all items which will have to be concentrated before the committee. These discussions will take place before the committee and experts will give us all the information necessary. I believe the curse of the House of Commons in the Committee of Supply has been the repetition of discussion on the very same items. When it is stated at the end of the session that we have passed millions of dollars without scrutiny, it is absolutely unfair to the members of parliament. We spend three or four or five days, and, I have even seen us spend eight days, on an item of only \$50,000, meaning that the department concerned was thoroughly discussed. When it comes to the end of the session the items we pass so rapidly are really statutory items, and I want to be fair to their adoption. Generally speaking members of parliament have been very, very careful indeed in the discussions of public funds, even going so far as to curtail unnecessary travelling that they thought occurred in a department. In many cases it has turned out the other way. Perhaps more money is needed for a certain constituency and I am interested if it is my constituency. That is the human factor we must deal with. I would repeat again that the suggestion may lead to a change in our rules of procedure, but we must necessarily do that if we want to have proper discussion and to truly discuss the items.

Mr. FLEMING: I think Mr. Bradette is referring to the fact that we would save a lot of time in the House if the estimates were accompanied by printed explanations after the manner Mr. Sellar has suggested.

Mr. BRADETTE: I am not sure that it may not lead to more discussion.

Mr. FLEMING: It might lead to more intelligent discussion.

Mr. GLADSTONE: The consideration of estimates before a special committee and the bringing of officers of the department before the committee certainly would tend, in my opinion, to promote efficiency. According to our present method of considering estimates now in the Committee of Supply, what actually happens is that we put the minister and the government on the defence, together with those officers whom we are criticizing. It seems to me that is a long distance from the methods employed in ordinary business. I think it should be the desire of members of parliament to discover weaknesses if there are any weaknesses in departments and to correct those, in the interests of promoting efficiency and saving public money.

Mr. FRASER: I would like to ask Mr. Sellar a question. In this report on page 2, it reads: "All items where administration is not directly controlled by a minister or by the Consolidated Revenue and Audit Act".

Included in the list is the National Film Board. In our ordinary estimates we have the National Film Board under the National Revenue Department. Why do you put that in there?

The WITNESS: I used that to illustrate the point. The National Film Board is administered by a board consisting of two members of the Privy

Council and, I think, six private individuals, three of whom are to be selected from the public service of Canada and three who have no connection with the service of Canada. That body administers the National Film Board. Now Dr. McCann is, at the present time, the Chairman of the National Film Board. Therefore he is the minister who has to pilot that estimate through the House, yet he is not like the Dr. McCann, the Minister of National Revenue who is the supreme head over his department. He is just a member of the board of eight, and that is why I was drawing the distinction.

Mr. FLEMING: I have several questions, not on these memoranda submitted by Mr. Sellar this morning, but on the more general aspects of his report.

Mr. FRASER: May I ask another question with respect to the Film Board. Why is the Film Board estimate in our estimates? Take the other corporations—they are not in our estimates.

The WITNESS: The National Film Board is not a corporation in the true sense of the word. It is financed entirely out of parliamentary appropriations. I do not think it should be listed under National Revenue at all, because you have got to know the minister who is chairman before you can find it.

Mr. FRASER: Yes, I think you are right. It used to be under War Services.

The WITNESS: Yes, and I think it should be under its own name and not under a minister at all.

The CHAIRMAN: I think it applies to many items. Under item 3, the broadcasting corporations are discussed before the House.

Mr. FRASER: Yes, but we have not got the broadcasting corporations in our estimates.

The CHAIRMAN: But they are discussed before the House in the report of the minister.

Mr. FRASER: Not under the Canadian Broadcasting Corporation. I think we can only bring them in under an item of the Minister of Transport, along with the short wave stations down on the coast.

The WITNESS: Plus any capital loan—if you have a vote for the capital loan you may bring them in.

*By Mr. Macdonnell:*

Q. I have just two short questions. On page 2, item (c) says "dividing the estimates into groups, one group consisting of items which may be financed out of operating revenues;—" and so on.

(d) concerns the House referring to a committee for examination and report and then we have subsections (i), (ii), (iii), (iv), (v), (vi).

What are the substantial omissions from (d) and where are they set out?

Are they very important items?—A. Well, standard services, where it is purely a ministerial policy or governmental policy I have excluded—

Q. For example—A. Take the Department of Finance for example, which is purely an administrative service. The government is answerable for that but I do not think it would be consistent with our idea of ministerial responsibility for departments if the minister had to deal with details when he faced the House of Commons.

Q. It is very hard to draw the distinction in finance. You have some ancillary things like Wartime Prices and Trade Board, however, do not let me press that.—A. I was influenced by that a number of years ago, shortly after I came to Ottawa. Dr. McGibbon, who is a member of your constituency—

Q. My former constituency?—A.—moved a resolution that there should be an estimates committee that should deal with the estimates and it was on the basis of that debate that I was prompted to try and draw a dividing line

between governmental service in the true sense of the word, and others that might be regarded as requiring a little difference in financing.

Q. Another question is in regard to the fiscal year periods, I notice in paragraph 2 one of the bodies still being audited by civilian auditors is Central Housing and Mortgage. That seems to me to be purely government policy. The Bank of Canada is different, the Canadian National Railways are different, and Trans-Canada Air Lines are different, but it seems to me that Central Mortgage and Housing Corporation is purely a government operation, and I wondered whether or not we are not losing something by not having the benefit of the Auditor General's comments on that. I would like to raise the question as to just why this is dealt with that way?—A. You passed that last year, sir, in your Acts of 1946. You put it in then.

Mr. FLEMING: Do you approve of it?

The WITNESS: I have no opinion. I do not mind telling you now that Central Mortgage and Housing Corporation has all the houses of wartime Housing, and the board of directors of Wartime Housing consists of Central Mortgage and Housing personnel. I told Mr. Howe he should get his Act amended to take away my responsibility for auditing Wartime Housing.

Mr. FLEMING: Will there have to be two different sets of auditors?

The WITNESS: I do not care how they do it, but, having decided that Central Mortgage and Housing should be audited by outside auditors, it seems to me that Wartime Housing should be dealt with in the same way.

Mr. FLEMING: I obtained a return in the House on the employment of auditors by Central Mortgage and Housing Corporation. They have employed two different auditors.

The WITNESS: Yes, the section of the Act is quite detailed.

The CHAIRMAN: Are there any other questions on these memoranda or can we go back to the one submitted yesterday by Mr. Sellar.

Mr. FLEMING: I would like to ask Mr. Sellar a question about the nature of the audit that his department conducts.

*By Mr. Fleming:*

Q. Mr. Sellar, you said yesterday you had a staff of two hundred. Is it a complete audit that is conducted or is it what is commonly called a spot audit?

Mr. JACKMAN: Or a balance sheet audit?

*By Mr. Fleming:*

Q. Yes, or a balance sheet audit?—A. Certain transactions are naturally 100 per cent; those dealing with securities and so on are 100 per cent. Otherwise we proceed by means of test audits. If we find things are in order after we make a reasonable test we stop. If we do not find that is the situation, we keep following through until we are satisfied we have the picture. The staff are located in the departments. They are not centralized and they audit from the working records. As a rule our audit runs about a week to a month behind the actual transaction.

Q. In all cases it is a running audit?—A. Yes.

Mr. MACDONNELL: Do you mean your audit representatives are in the various departments and to all intents and purposes look like the member of the department.

The WITNESS: No, they do not look like them. They have a separate office and I keep changing them. I do not allow any man to stay too long so that he will get too familiar with the people he is auditing.

*By Mr. Fleming:*

Q. That is the answer. The next question I think, is this. It is about the follow-up that may or may not result from your recommendations. Now I take



it that the recommendations that you make as a result of your audit are not necessarily all contained in your formal report?—A. No, most of the problems we raise are settled long before the books are closed.

Q. Now where do you draw the line between those that are made on the spot and those that are reserved for formal treatment in your annual report?—A. We record anything that concerns policy in relation to the responsibility of the House of Commons over the Consolidated Revenue Account. Such things should be reported to the House.

Q. Do you report those to the department concerned in advance?—A. The departments see my report before it is printed. They are asked if that is a fair statement of the facts, not whether they agree, with it, but whether it is a fair statement of the facts. If they say it is not a fair statement of the facts we ask them where we are wrong. We may adopt their suggestions or we may not adopt them. We tell them we want a fair statement because our report is going out in print and our statement will carry more weight than their denial later on, and we ask for their statement before it is printed.

Q. Do you have many cases of difficulty in reconciliation of the two positions?—A. No.

Q. In other words when we pick up your annual report the facts stated are common ground between you and the department concerned, but the views or opinions expressed are yours, and yours alone?—A. Yes.

Q. Well I am concerned about the follow-up in the department, both in the cases of the recommendations that go from you direct to the department, and also those that appear in your annual report. Are you concerned about the follow-up, or is that purely and simply a matter for the departments concerned?—A. No, we keep following it up. If remedial action is not taken in a year and we consider it sufficiently important, we will draw it to your notice a second time. If you pay no attention to it two years in a row, we form the opinion that you are not very much concerned and we withdraw the note.

Q. You are addressing parliament now in what you say.—A. Yes.

Q. I am thinking now of cases where you have recommended certain things regarding a particular department. Is it any concern of yours to follow that recommendation up with the department?—A. We make it our business. We are on very good relations with the departments and, as soon as our report comes out, the departments go after these various things because no department likes publicity that is critical, and they try to remove the opportunity for that criticism being repeated. Secondly, if it is expenditures, the comptroller of the treasury staff also may put on the pressure. Our own people, as I say, also get to work on it and very few things are not settled to the satisfaction of all concerned.

Q. What is the responsibility of the comptroller of the treasury with respect to following up recommendations which you make?—A. You could not find it in the statute. It is his job to see things are in proper order.

Q. That is he assumes responsibility of taking your recommendations and following them up where he considers they are legitimate?—A. Where he considers they are important but he may decide against me. Usually he does not.

Q. Does that often follow?—A. No, but I was the first comptroller, and the present comptroller was my assistant and we think rather along the same lines.

Mr. MACDONNELL: Like Hitler and Dr. Schacht.

Mr. FLEMING: There were several items in your report that I was interested in from that point of view. I do not want to take the time of the committee to go into detail but on page 21, I will just mention the items quickly in passing. About half-way down page 21, item No. 54, vote 230. The last paragraph says "order in council P.C. 5528 of August 9, 1945, accepts as of October 31, 1945, the resignation of John Grierson, Government Film Commis-

sioner." Then there was an expenditure of "£85 for the trans-Atlantic passage of Mr. Grierson from Prestwick to Montreal. The expenditure is recorded as a charge to vote 230 although Mr. Grierson was no longer in the service of the National Film Board when the trip was made".

Now did something follow that recommendation?

The WITNESS: The National Film Board immediately took up the matter; so did the comptroller of the treasury. They referred the matter to the treasury board for instructions and the treasury board on November 8, 1946, directed that "payment of travelling expenses incurred in 1946 would not be warranted. As you will be aware it is not the practice to pay travelling expenses of officers after resignation." Therefore the National Film Board was ordered to recover the amount from Mr. Grierson.

Mr. MACDONNELL: Who originally authorized the item?

The WITNESS: It was authorized in London, England.

*By Mr. Fleming:*

Q. By whom?—A. They had an office over there.

Q. The National Film Board?—A. The National Film Board had an office in London. Mr. Grierson acted in perfectly good faith in that respect. He had an understanding with the National Film Board that if they wanted him to come back his expenses would be paid, and it had been intimated to him that they wanted to discuss certain matters with him. He was off the payroll and, as far as I was concerned, it was a wrong expenditure, but Mr. Grierson had quite a reasonable explanation in that case.

Q. Now on page 28, and I would say that I am mentioning this item out of order, but the last paragraph on that page reports that in September 1944, the National Film Board sent an officer to London to act as co-ordinator of newsreels. Accountable advances for expenses were made to him from time to time. For the period September, 1944, to April 15, 1945, he proffered an accounting of \$5,134.36, which included \$949.59 disbursed for entertaining. As of March 31, 1946, an accounting had not been accepted for \$1,167.19. The Consolidated Revenue and Audit Act, 1931, requires that all outstanding accountable advances be repaid within sixty days after the close of the fiscal year. That was not done in this case, but deductions, first of \$40 a month and later increased to \$100 a month, are being made from his salary since April, 1946."

That is the first case. Then the second case concerns another officer. "Another officer was accredited in June, 1944, to the armed services film unit overseas as a war correspondent. A per diem living allowance of \$8 was authorized for him while in London. He returned from this assignment in November 1945. Net advances of \$6,627.36 were made and his accounting for \$4,248.23 was accepted. Thus, at the year end, \$2,379.13 remained to be adjusted. The officer has left the employment of the National Film Board."

Again I am concerned about the follow-up. I take it in the first case a portion of the expenses of the officer were disallowed and recovery is being made by monthly deductions from his salary.—A. Coupled with that was the amount that should be allowed for entertaining. That item was referred to the treasury board in the last fiscal year and on March 21, 1947, the treasury board authorized the department to accept \$500 as entertaining expenses out of that \$900 odd and the account is now settled.

Q. And he has, in other words, paid about \$400?—A. Yes.

Q. What is the explanation of the line of distinction between the \$400 and the \$500?—A. The distinction was this. He was pretty generous in his entertaining and we thought some of it was unnecessary. The treasury board, having reviewed the matter,—I was not there, of course,—apparently decided \$500 of that expenditure could be justified as entertaining and they allowed that, and told him to refund \$400. He had actually spent the other \$400.



Q. Did that arise out of an audit of yours or a recommendation from you, or did it arise out of an investigation by the treasury board, or the controller general?—A. That originated on an observation of my man in London, England. In examining these accounts, he came across them and notified the National Film Board of the extent to which this entertainment was running. He notified the National Film Board in Ottawa. They took action to correct it forthwith. When the accounts were submitted, the comptroller of the treasury, the National Film Board and ourselves, had a mutual interest. I reported it but it was the National Film Board and the comptroller of the treasury that dealt with it, in bringing it to the treasury board notice.

Q. Now take the second case, involving the \$2,379.13 where the officer has left the employment of the National Film Board. Was that never recovered?—A. That amount has been reduced down to \$264 but I am afraid there is an additional amount in connection with expenses in Greece and other countries.

Q. Expenses of the same individual?—A. Yes.

Q. Entertaining expenses?—A. No, just travelling expenses. He was supposed to operate through the army services but for some reason or other he went to hotels when he might have gone to the ordinary billets provided by the army. These accounts have just come in or at least they are 1946-47 accounts and I heard about them the other day.

Q. How much do they amount to?—A. I do not know.

Q. Are they substantial sums?—A. No, I do not think so.

Mr. FRASER: Are the claims fully paid?

The WITNESS: The man has received the moneys and he is now proffering the accounts in settlement.

*By Mr. Fleming:*

Q. You expect that you will have to recover from him?—A. Well I am told that. This is by way of information because you asked the question. I have not seen the accounts and I have formed no opinion on them. They have, however, dealt with the old ones and the amount as I say, is \$264 which is due on them.

Q. In other words an attempt is being made to recover the money from him?  
A. Yes.

Q. On page 22, I will just pass quickly over this, but paragraphs 59 and 60 are of interest to me. The votes are 418 and 426.

Vote 418.—Construction was undertaken in 1945 of approximately 2,200 houses for purposes of the Veterans' Land Act. Practising architects were commissioned to prepare 22 designs. The fee was generally \$160, this giving the department the right to use a design 16 times. After that, \$10 was paid the architect for each time a design was used. The architects had no responsibility with respect to actual construction. The \$10 fee was paid 1,437 times with respect to 7 designs. Therefore, in addition to the initial fee, four architects received \$14,370 for seven plans. The department has since acquired the designs under an arrangement which permits use without further payment.

Now I take it your purpose in setting that out in your annual reports was to draw attention to the basis of payment which you considered to be unsound?  
A. It seemed to me to be an extravagant thing to pay for a design over and over again when the department was absorbing the costs of making the blueprints. That was so especially in connection with a simple house and where we were paying this large sum out over a long period.

Q. What about the follow-up there?—A. In that case one architect, whose plans were used extensively, agreed to the department using his three plans indefinitely without any charge but he is the sole legal owner of the plan.



Q. I have some returns on that. I will put the return on the record. It is sessional paper 135A.—A. The Winnipeg firm had a cash settlement made to them and we bought the plan. The same thing occurred with the Calgary firm and the Vancouver firm. Cash settlements were made. The Ottawa man did not ask for cash.

Q. There is a sessional paper on that and perhaps it would save time if it were made part of the record.

The CHAIRMAN: Do you think this should go in the appendix in the form of questions and answers?

Mr. FLEMING: Yes, in the appendix. I think it ought to be in our record somewhere.

Then, the next item is 426. You deal with this matter of the construction of nine houses at Boucherville, Quebec.

In May, 1945, tenders were invited by the director of the Veterans' Land Act for the construction of nine houses at Boucherville, Quebec. Bids ranging from \$45,884 to \$70,200, were rejected as excessive. On August 30, 1945, a contract was made with the contractor who submitted the lowest firm price bid. This contract called for the construction of 17 houses at cost, with the contractor receiving \$175 per unit for his services. In the fiscal year \$87,018.10 was paid by way of progress payments. Administrative officers advise that this contract is under investigation; consequently the payments have been accepted in the audit subject to that qualification. Further claims of \$103,820.85 with respect to the contract were, at the time of audit, in the department.

Now, what was the thought in reporting on that, Mr. Sellar?

The WITNESS: I had to qualify my report because I did not know whether payments were going to be right. In this particular case the contractor is suing the government for \$109,000. That case is now before the Exchequer Court. The department, in addition, has instigated criminal proceedings against three individuals. There are two convictions and there is a case pending.

*By Mr. Fleming:*

Q. Again, Mr. Chairman, there is a sessional paper No. 135-C on that item. It would perhaps save some time if we perhaps put it in the appendix to our proceedings.

There is one other matter upon which I wanted to enquire. It is dealt with on page 24 of the Auditor General's report and concerns national housing administration. I had better not take the time to read all of it, but it deals with the reconversion plan on properties located in three different places. The first is a property on St. Jean Street in the city of Quebec; the second is a property on Burnaby Street in Vancouver; the third property is located on West 14th Avenue in Vancouver. I think it is fair to say that the gist of your comment here is that the price which is proposed to be charged to the government vastly exceeds the amount of the tender. What is your comment on that again? There was a sessional paper 38-C dealing with that matter. From the point of view of Mr. Sellar, I should like him to say how this comes to be in his annual report?—A. Because this whole conversion plan was set up under an order in council which contemplated that the rent would be fixed at rates sufficiently high that in a period of eight years the government would recover its investment. The rents, in these cases, are not adequate to recover this investment as the cost of the project as authorized has greatly exceeded the estimate.

Mr. BRADETTE: Pardon me, but are these orders for return?

Mr. FLEMING: They were sessional papers, but none of these were printed in Hansard. I would not be putting them in the record this way if they were printed in Hansard. They are sessional papers which were not printed.

The CHAIRMAN: Do you feel that all these reports are needed for the actual work of the committee? They are quite bulky. Do you think you could refer to them in the evidence rather than have all this material printed? I do not object, personally, but we are going outside our general practice.

Mr. FLEMING: There are two reasons for offering them, Mr. Chairman, and the first is that I happen to have these papers because I put in the questions. I thought the other members would like to have them. Then secondly, I do not want to take up any more time at this particular moment questioning Mr. Sellar.

The CHAIRMAN: The witness might possibly give us more information.

The WITNESS: No, I am no longer the company's auditor.

The CHAIRMAN: If we have a competent official, certainly from the Veterans' Land Act, could we not get the information from him rather than have the questions and answers merely printed from the sessional paper without comment. We have the proper official. If we put this paper in, I think in all fairness to the Veterans' Land Act people we might ask questions from the auditor, as you have already done about the vote for \$18,426. It would be better than leaving this on the record without any comment.

Mr. PROBE: Are we going to have the officials of the Veterans' Land Act before the committee again?

The CHAIRMAN: I did not mean the Veterans' Land Act, I meant the Auditor General. He is responsible for the two items here. These items have been included in his report and I think he is the right person to question. If we have any other person we want to call, we can do so.

What do feel about that, Mr. Fleming? I think if we were to put this in without asking pertinent questions of the person who is responsible for the audit, it serves no purpose. You have the auditor and you have the report. You have the opportunity to ask him any questions you care to ask. Merely having these reports printed without any reference or any scrutiny of them by the auditor may leave a wrong impression. You have the auditor here, so why don't you go ahead and ask him any questions you care to ask concerning these two matters?

Mr. FLEMING: We are going to take a lot of time if we do that, Mr. Chairman.

The CHAIRMAN: I think it would be fairer to the officials concerned. We have the auditor here and he is the one who has put in that item. Why don't you ask him any questions, since that is another way of putting this information before the committee? If you just print these papers without any comment, you can draw any inference you want from them. While the auditor is here, why not ask him the questions?

Mr. FLEMING: If the auditor wants to look those over, he may or may not be in possession of additional information, I do not know.

The CHAIRMAN: It would be more in accordance with our practice. You have some parliamentary returns and you have a witness here from whom you can get the information you want. I do not see the purpose of merely printing these papers when you have the proper official to give you the answer.

Mr. FLEMING: My answer to that is this; these are sessional papers prepared by the department concerned. Having the information, the questions are based on the statement in Mr. Sellar's report.

The CHAIRMAN: That is right, but you have Mr. Sellar here.

Mr. FLEMING: Mr. Chairman, again may I say these are lengthy questions.

The CHAIRMAN: We have given you all the possible time before the committee. We are sitting again to-morrow or, at least, we plan to do so, so I

do not see why we should not get all this information in the proper form by asking questions of the official who has reported on that matter. I am not restraining you or any member of the committee. It would not be my duty to do so and I am not trying to do so. On the contrary, I offer you an opportunity to ask questions and give you all the time possible that is available to the committee. Just putting those two questions in without any comment from the proper official permits us all to form our own judgment without having the information we might have received from the man who can give it to us. I think that is just fair.

Mr. FLEMING: Has Mr. Sellar any information bearing on these papers?

The WITNESS: Nothing in addition to what is there.

The CHAIRMAN: If you have any questions to ask, you can ask them.

Mr. FLEMING: It seems to me a waste of time.

The CHAIRMAN: Mr. Sellar can answer these questions.

Mr. FLEMING: Mr. Sellar says they are all there and says they are correct. It is just that I hoped to put them in the record.

The CHAIRMAN: After you have asked the questions and received the answers, you can make any deduction you want. Why don't you ask the questions of the auditor while he is here.

Mr. PROBE: Just to regularize this matter because I was interested in these matters raised by Mr. Fleming, but he was doing a first class job on these questions, I should like to ask a question with respect to the return on national housing administration on page 24 of the Auditor General's report. This deals with the conversion of the properties which were recently mentioned. Speaking of the St. Jean Street property in the city of Quebec, you say.

"The Crown was to pay \$36,000 and the owner \$34,000." Then, it turned out that the actual cost of the work was \$107,000. The question I wish to ask Mr. Sellar in connection with that is; where it says the Crown was to pay \$36,000, I presume that would be covered by a contract as between the owner of the apartments and the Crown?

The WITNESS: And the local representative at Quebec.

*By Mr. Probe:*

Q. How can your department explain, I do not suppose it is up to you to explain or justify it, but can you explain how that contract involved the government to the extent of \$36,000 when it actually paid \$73,766.51 on this conversion plan? Would there be a supplementary contract after the work had progressed to such a state it was found that the estimate was far too low? Would there be two contracts?—A. There was a second order in council authorizing the change.

Q. There is no order in council mentioned in your comment here?—A. I will give you a little office note which I have which might explain it to you. The original agreement fixed \$36,000 as the Crown ceiling. Order in council P.C. 6359, of October 2nd, 1945, reversed this, fixing \$34,000 as the ceiling for the owner because, and this I put in quotes, "by mutual mistake the terms of the said lease and contract varied from the original informal agreement of the parties set out in a letter dated March 27th, 1944 from E. Raymond, Regional Director of Housing, to R. D. MacDonald, owner, with respect to the responsibility for any additional cost of conversion over the estimate." The new agreement is for ten years so as to enable the Crown to amortize one-half of the additional cost of conversion over a total period of ten years. That is my note on it.

Q. Well then there is one other question; this possibly does not come within your department, but the Crown's original estimate of \$36,000 would be based on the opinion of the inspector on the spot?—A. Yes, sir.



Q. Is that the same inspector who was again consulted at the time he made this additional recommendation to the government? It would seem to me that he did not know his job, that is the whole thing.—A. I think that may have been the case. The original deal was that no matter what the cost of this conversion should be the government cost shall not be more than \$36,000; then it reversed and later on stated that regardless of what the cost of this conversion may be, the cost to the owner shall not be more than \$34,000; therefore we were stuck with a very large sum. The original plant was estimated to cost \$70,000, not \$36,000.

Q. That is right, and the estimates turned out 50 per cent short of what they should be, it was 53 per cent higher.

The CHAIRMAN: You said the change was made by order in council because the previous agreement, the contract, was not in accord with the first agreement.

The WITNESS: That is evident by a letter.

*By the Chairman:*

Q. You mean that under the first arrangement with Quebec the Central Mortgage corporation had agreed in a letter that its part of it would be \$34,000?—A. Yes.

Q. And as the result of later negotiations or developments the arrangement was to reverse the order of the first agreement?—A. At that time the scheme was administered by officers of the Minister of Finance, not the Central Mortgage and Housing Corporation. Consequently, there was a division of responsibility between local and headquarters officers.

Q. It was what you called.—A. It was this emergency housing project, and Mr. Nichols was then with that.

Mr. FLEMING: Now, Mr. Chairman, I would like to go back to this other matter; are we going to have this material put on the record or not? This is information which I think all members of the committee will want, and it is here in the form of sessional papers.

The CHAIRMAN: I think we should deal with that when we have a quorum present; we only have four here just now, and I think we should adjourn until tomorrow morning at eleven o'clock when that will be the first order of business before the committee.

Mr. FLEMING: Could we not have a meeting this afternoon?

The CHAIRMAN: We have only three members present now; so we cannot decide anything. We could try sitting this afternoon, but if we do not get a quorum we will have to adjourn; and the time is very short in which to issue notices to the members.

Mr. JACKMAN: Might I ask the Auditor General, in addition to the officers of his own department who are appointed to the various departments of government for continuous audit purposes, what other officers of the Comptroller of the Treasury department are in the various departments; including those who are permanent or temporary in the other department; those who check expenditures; together with an indication of their duties and functions?

The CHAIRMAN: Mr. Jackman, I have already pointed out that there is not a quorum present. We will adjourn until four o'clock this afternoon.

The committee adjourned at 12.50 p.m. to meet again at 4 p.m. this day.

## AFTERNOON SESSION

The CHAIRMAN: Gentlemen, I think we have a quorum and we are ready to start. Mr. Fleming had the floor I believe, when we adjourned.

Mr. FLEMING: Mr. Chairman I would just like to go back to the matter of the returns. There were three returns, sessional papers, which had not been printed anywhere in the proceedings of the House which relate to the three items on which I questioned Mr. Sellar. The items were paragraphs 59, 60 and 67 of his report. Mr. Sellar has seen these and has knowledge of them and says they are correct. I propose, Mr. Chairman, that they be filed and printed as an appendix to the proceedings to-day. I think the information is of interest to members and there are a lot of figures here and it is not practicable to attempt to read them.

The CHAIRMAN: I have no personal objection as I stated this morning, but I expressed the view that this is a departure from the rules of committees as far as sessional papers are concerned. As far as I am concerned I have no objection, and, if it is the desire of the committee, we shall have them printed. The objection I raise is that any member who wishes to obtain information which is bulky, and which is furnished in the form of a sessional paper, may then come before a committee, and pass a motion that it be printed in the records of the committee. Outside of that feature I have no objection.

Mr. JAENICKE: What is the purpose of putting it in?

Mr. FLEMING: It will save a good deal of time. There are three items on which I was questioning this morning and the papers expand the information that is contained in the report, explaining it in some detail. In the Boucherville case. No. 60, Mr. Sellar's report is a short paragraph which raises the question as to how these claims, running over \$100,000 grew out of a contract for which the bids extended from \$45,000 to \$70,000, all of which incidentally were rejected as excessive.

Mr. JAENICKE: That is in connection with housing?

Mr. FLEMING: Yes. The work has proceeded and it turns out that over \$87,000 is paid out in program payments, and, in addition to that, there are further claims of over \$100,000. The answers to the questions in the sessional paper give you further information about these tenders and how they came to be made, on whose certificates as to progress reports substantial progress payments were made, and also the proceedings by petition of right, and so on.

The CHAIRMAN: The document is already public property as it has been tabled, and of course it is quite all right. I am only objecting because it is voluminous and my objection was that we would be open to publishing any report or sessional paper. Outside of that I have no objection.

Mr. FLEMING: The only time sessional papers would be relevant would be when we were dealing with the auditor's report.

The CHAIRMAN: But every member would have the same right as Mr. Fleming would have. You may be interested in something which may mean a return of fifty pages. Now you are entitled, as well as Mr. Fleming, to get it printed. What I say is it is a precedent. It is not a question of this particular item, but you could publish anything you want to, and my point is we are starting a new policy in the committee and it would be bound to extend to the privilege being given to any member of publishing any return, and that may result in very voluminous reports.

Mr. JAENICKE: I do not think it would establish a precedent. I think we could consider each case on its merits.

Mr. FRASER: I think this one has merit.

Mr. FLEMING: I think it is all relevant.

Mr. JAENICKE: Is that the case where the criminal proceedings are pending?

Mr. FLEMING: Yes.

Mr. JAENICKE: Does that show in the return?

Mr. FLEMING: It shows the contractors.

The CHAIRMAN: What page is it?

Mr. FLEMING: It is in answer to question 12, and the contractor has issued a petition of right. I should not have said it showed the criminal proceedings. It says "the contractor has issued a petition of right and served it on the Attorney General of Canada on the 16th January, 1947, claiming \$109,837.76 on the basis of his contract with the director, Veterans' Land Act". Then it goes on "on the advice of the Department of Justice, the Department of Veterans' Affairs is denying liability in the suit".

And then No. 16 "until the present investigation by the Royal Canadian Mounted Police and law officers of the Crown for the purposes of the court proceedings is completed no further investigation will be made".

I think the criminal proceedings were launched after this date.

The CHAIRMAN: I think Mr. Sellar might say a word on this. The report says the investigation stopped there.

Mr. MURPHY: I was wondering if Mr. Fleming was tabling another return which might deal with that?

The CHAIRMAN: We are dealing with this one. This is about Boucherville.

Mr. FLEMING: I told the committee that they are all strictly relevant.

The CHAIRMAN: Let us deal first with Boucherville. I was asking Mr. Sellar whether proceedings had been taken against the parties.

Mr. MURPHY: Just a moment, Mr. Chairman—

The CHAIRMAN: Do you mind waiting a moment? I have asked a question of Mr. Sellar and I will get the answer and then you may address the meeting.

### **Watson Sellar, Auditor General recalled:**

The WITNESS: My information comes from the solicitor for the Veterans' Land Act or the Department of Veterans Affairs. I asked him the other day respecting the state of the prosecutions. The solicitor said they got a conviction in one case and I gathered it was over theft of supplies. They got a conviction in a second case involving bribery, and a third case is pending.

Mr. JAENICKE: Against the contractors?

The WITNESS: I did not ask the name of the parties. I do not think the contractor was involved. He was not one of those prosecuted.

Mr. JAENICKE: Is this the person that asked for the petition of right in court? Is it the same person?

The WITNESS: I do not know who the parties were. I gathered they were two employees of the Department of the Veterans' Land Act that were prosecuted but I did not ask the names.

Mr. JAENICKE: The criminal proceedings would not affect the civil proceedings.

The WITNESS: The civil proceedings are by the contractor against the department, he is suing the department.



Mr. JAENICKE: The civil proceedings would not be affected unless the parties are the same as those involved in the criminal case.

The WITNESS: They are not the same parties as are involved in these criminal proceedings.

The CHAIRMAN: Now the Boucherville sessional paper, No. 135C, is herewith produced with a motion that it be printed. Is the motion carried?

Carried.

The second one is sessional paper 135A and the third one is sessional paper No. 38C. It is moved by Mr. Fleming that these papers be printed herewith.

Carried.

Mr. JAENICKE: What were they again?

The CHAIRMAN: The second one concerns paragraph 59, vote 418 and the third one is concerning paragraph 67, page 24, the National Housing Administration, which was mentioned this morning by Mr. Fleming.

Now at the recess I asked the Auditor General whether he had the orders in council mentioned as having been passed in connection with those items in paragraph 67. Now he has brought herewith the orders in council and I think it appropriate that they be printed, together with the other papers, and I would so move. They are Nos. 4450 and 6359. The first one deals with the property at Nanaimo. In paragraph 67 the first item deals with St. Jean street in Quebec. The order in council is 6359 and it is produced herewith. On the second there is no order in council. On the third paragraph there is an order in council, P.C. 4450 which is produced herewith.

Mr. FLEMING: That is the one relating to the West 14th avenue in Vancouver?

The CHAIRMAN: Yes.

Mr. FLEMING: I would include those in my motion.

The CHAIRMAN: Now, gentlemen, shall we revert to the memorandum that was produced and read to the committee yesterday by the Auditor General, as to his different recommendations? Are we through with the other items that we dealt with this morning?

Mr. FLEMING: The motion regarding the orders in council was carried?

The CHAIRMAN: Yes, this motion was carried.

At the end of the meeting yesterday, the Auditor General read into the record his memorandum on different questions in which he was interested and he made some valuable suggestions. It was agreed that we would delay questioning until the next meeting. We did not reach that stage this morning, so if anyone has any questions to ask on this report this would be the appropriate time.

*By Mr. Fleming:*

Q. Mr. Sellar, there are a couple of changes which I would like to propose in the scope of your suggestion. Suggestion No. 3, or paragraph 3, on page 1 of your memorandum proposes that details be printed with the estimates in a narrow form, setting out "(b) explanations of increases." Should it not include decreases as well? If there is some spectacular decrease I think the members would be interested in that as well?—A. I would not have any objection.

Q. Perhaps you think a decrease has never happened?—A. Well, my idea in putting this together was to keep it as short as possible but to give you

gentlemen ample information. That was my thought. You should have as much information as the minister, except for all the minute listings, and you should be informed on any item.

Q. (e) deals with comparisons with previous years.

The CHAIRMAN: Where is that?

*By Mr. Fleming:*

Q. On the first page. Comparisons with both estimates and actual expenditures of previous years. I do not say how many years should be shown but I think it is important that it should be the actual expenditure.—A. I think a three-year comparison is the safest comparison to make, because then you do not run the risk of an abnormal year not balancing itself out.

Q. Would you be willing to amend your proposal to make it more definite?—A. My proposal was really this, sir. I did not think this committee would want to commit itself to a definite plan which the government would introduce. You want to hold your freedom of criticism. This whole thing revolves around whether the Consolidated Revenue Act should be revised. If so, the committee might suggest to the government that it be revised and then you could criticize the revision which was brought in. If you were to ask me what all I thought should be done to the Consolidated Revenue Act I would take a lot more pages than this to set out my thoughts because there are a lot of administrative provisions that I think should be buried.

Q. Speaking for myself, and having regard to the fact that we are pretty late in the session, I think with the weight that stands behind your recommendations here, that the committee might wish, and I hope it may wish, to forward these recommendations to the House, and perhaps make them the basis for recommending of revision of the Act, probably to a broader extent than is covered by the recommendations you have set forth in these memoranda.

The CHAIRMAN: I suggest that if we are going to pass on a definite set of recommendations, in detail, I think we would need more than a morning's work, and we would need more evidence from Mr. Sellar. He himself may want to put it in different shape and be more precise as to just what he has in mind. It does not prevent us from passing a recommendation, but he might have to go into more detail. I think if we want that we might ask Mr. Sellar to reconsider the matter. He has left it, in some ways, more or less open.

Mr. MACDONNELL: Mr. Chairman, what I think Mr. Fleming had in mind and what I had in mind, (and I hope the rest of the committee have the same thing in mind) is that we certainly do not want this matter to fall to the ground.

The CHAIRMAN: I do not think anyone wants that.

Mr. MACDONNELL: I have in mind what Mr. Sellar says. The committee should report that these questions arose, and that Mr. Sellar has made certain tentative suggestions, and that he urges that the whole legislation be reviewed and revised in the light of these suggestions and perhaps others. Now that puts forward a very definite suggestion on behalf of this committee. Also, it does not tie us, or Mr. Sellar, down tightly but it indicates that we think these are important matters for consideration.

The CHAIRMAN: I do not think that is quite the point. If we are going to go into details we had better notify Mr. Sellar and bring him back before us to explain exactly what he wants. Otherwise we should make a general recommendation which we can very well do. However, if we are going to go into details we will all want to study exactly what those recommendations are to be.

Mr. MACDONNELL: Do you not think we might just, without going into detail, indicate the subjects which Mr. Sellar has dealt with in these memoranda, and to which he objects, and which he has outlined would be

desirable to have changed. Our request would then be that these be gone into further and action taken as has already been suggested. We are all free then to say what we think about the details.

The CHAIRMAN: On page 4, section 14, "Summarizing the foregoing, my view is that there should be legislation to regulate:

(a) the form of estimates and the printed explanations associated therewith". . .

and so on. This item here could be very well the basis of a recommendation, but if we are going into detail and explain exactly what should be done, we would have to take more time. However, the members are here and they can speak for themselves.

Mr. WARREN: Mr. Chairman, I have been wondering if it is not possible that we might, unintentionally, crowd Mr. Sellar, who is a government official, into a position of laying down something that is really government policy. It would not be a very happy position for Mr. Sellar to be placed in or to be crowded into.

The CHAIRMAN: That can be decided amongst ourselves later on. We have a witness here and if we have any other questions to ask this is the time to ask them.

Mr. FLEMING: May I ask Mr. Sellar if you have further thoughts on the subject of necessary amendments to the Consolidated Revenue and Audit Act in written form? Have you them available?

The WITNESS: My answer to that is this, Mr. Fleming. When the Act was revised in 1931, I held, nominally, the senior office in the Department of Finance. I was not really the senior officer but the deputy minister was dead and I held the new appointment. We were asked to revise the Consolidated Revenue Act and get it ready for the session. We did so, but we worked against time, and I was never satisfied with our job. We had to work too fast.

Ever since then I have kept on my desk a dummy bill with the thought that if I were ever asked to reconsider the bill again I would have it. So I have on my desk a draft bill, but no one has ever criticized it and it is no good. It expresses the opinion of only one individual. A bill is no good until it has been picked to pieces and rewritten. I am sure you would not subscribe to all that I have set out in the draft bill and I am sure the government would not subscribe to it either, because I have taken the bureaucrat's point of view.

Mr. FLEMING: And what viewpoint is that?

Mr. GIBSON: He was anticipating you, probably.

The CHAIRMAN: Are there any further questions?

Mr. FLEMING: Well, Mr. Chairman, perhaps you would allow a little bit of discussion for a moment, in view of the last answer given by Mr. Sellar. I think we have got to face reality and the fact we are pretty close to the end of the session. We have another subject we are starting on in this committee on Friday that may take several meetings. I am thinking it is not feasible at this particular stage, to enter into a detailed consideration of this extensive revision of the Audit Act. Mr. Sellar has prepared a precis and I am wondering if we would not be helping the House, and helping the government, if we did pass it on to the House in the form of another report from the committee. Now, this memorandum from Mr. Sellar, with his ideas in it, would ask that the government, before the end of the next session, consider those proposals.

The CHAIRMAN: You mean we should pass on the text of Mr. Sellar's report?

Mr. FLEMING: Yes, with his recommendations which are embodied in it.



The CHAIRMAN: Just as it is?

Mr. FLEMING: The memorandum as it stands, with its recommendations, and referring also to the fact that Mr. Sellar in his evidence to the committee has recommended that the Consolidated Revenue and Audit Act be revised.

The CHAIRMAN: That is surely one recommendation that we could make; that he said it should be revised.

Mr. FLEMING: And we, as a committee, recommend before the end of the next session that the government give consideration to the recommendations. That would mean the recommendations of Mr. Sellar would be put before the government for study, and then when another session comes around, if the government thought the recommendations were worthy of action, in the ordinary course the bill would come to this committee after second reading. If the government has not taken steps in that direction, the committee itself next year could take up the detailed work of reviewing the Act.

The CHAIRMAN: If we are going to do that, I think it would be fair to ask Mr. Sellar whether he would be prepared to let this go as it is or, whether he wants to extend it, or add to it, or if he has any particular reasons why it should be not made part of the report.

The WITNESS: As a matter of fact it is now part of the record. I understand that you file your evidence with your final report. I honestly believe in what I have stated there, and I should be prepared to stand behind it. I do not think any useful purpose would be served by enlarging on it and perhaps adding another dozen or so points. I believe it is quite sufficient for parliament. My efforts have been to see that the House may retain control over public moneys and public property.

Some Hon. MEMBERS: Hear, hear.

Mr. FLEMING: May we infer from what you have just said, when you speak about an extensive revision of the Act, that this memorandum contains the backbone of the revisions you would put in the Act.

The WITNESS: Let me illustrate what I have in mind. In 1931 the debt of Canada was administered by the Department of Finance. In 1938 or 1939 the management and the servicing of the debt were transferred to the Bank of Canada. There are no statutory regulations dealing with the debt to-day. Now, as an outside agency has the service of that debt, I say there should be pertinent regulations in the Consolidated Revenue Act.

Q. Would it be a very great task for you to supplement this memorandum with an additional one reviewing points such as you have just mentioned?—A. I could give you that with the greatest of ease.

Q. I think, along with your suggestions that would be definitely helpful. Mr. Chairman. We are not going to have the time to write a report based on picking things out of a memorandum, and if Mr. Sellar would prepare the memorandum it would certainly help.—A. As I say, I have it on my desk and all I have to do is go through the various things I consider merit change. Another point on which I might speak is the fact that the Governor in Council is overloaded in making orders in council on routine matters. Now I think a lot of the work should be passed to the treasury board and let that body be the final authority. As I say that is an internal matter but it involves a great deal of routine.

The CHAIRMAN: In order to put this in concrete form, let us say we seem to be in agreement that a report should be made by Mr. Sellar along these lines. We will give him an opportunity to submit it to the steering committee.

The WITNESS: Would you just treat that as a supplementary statement which you could do with as you like? You could read it into the record or use it for your own information.

Mr. FLEMING: Information supplementary to Mr. Sellar's proposal for revision of the Consolidated Revenue Act.

The WITNESS: Yes.

The CHAIRMAN: And you could forward that to us.

The WITNESS: Yes.

The CHAIRMAN: And if we need you, we can call you back?

The WITNESS: I would like a day for the preparation of it.

The CHAIRMAN: The steering committee could meet next week, after we have received this, and come to an understanding or agreement on what the terms should be, and it could be submitted to the general committee.

Mr. CLEAVER: I think, Mr. Chairman, any report we make without study should not either oppose or give blessing to these recommendations. I think that would be as far as we could go without study. We have not enough material before us to say whether all these recommendations are agreed to, or what ones we disagree on.

Mr. FLEMING: May I ask Mr. Cleaver if he means anything more than we should not go beyond saying in the report that we recommend the government give consideration to these recommendations before the end of the next session?

Mr. CLEAVER: Yes, I entirely agree with that, but I do not think the committee should express an opinion with respect to the validity or the advisability of implementing these decisions until we have studied them.

Mr. MACDONNELL: That is my understanding of what we would do, Mr. Cleaver. We would say this matter is before us and it merits attention of the government, and Mr. Sellar has put forward his proposals.

Mr. CLEAVER: I will illustrate what I mean. Just last week an emergency rose in regard to berry boxes. I do not know whether all the members are aware of this but we have a terrific crop of berries this year, and owing to the shortage of steel we have not enough boxes, and we need to import them from the United States. Under the present order in council an arrangement may be made for the remission of the duty on those boxes which we need to bring in. Now I am not sure the treasury board would be so susceptible to public opinion or public need, as perhaps the minister would be, and I do not know whether I would like to have that type of authority taken away from the minister and placed with the treasury board.

The WITNESS: The authority is with the treasury board now. I mean that the Minister of National Revenue recommends to the treasury board certain things, and the treasury board considers them and recommends to the Governor in Council. That is section 33 of the Consolidated Revenue and Audit Act.

Mr. CLEAVER: Did I understand you correctly that the recommendation should be changed from a ministerial recommendation to a direct recommendation of the treasury board?

The WITNESS: No, instead of the Governor in Council having to pass several hundreds of orders in council retiring civil servants, accepting resignations, and so on the treasury board would act for the Governor in Council.

Mr. CLEAVER: You would make the order on the recommendation of the minister?

The WITNESS: Yes.

Mr. CLEAVER: That would be quite satisfactory.

Mr. FLEMING: I do not think we are at odds, Mr. Chairman, on the scope of the recommendation. I think we appreciate we cannot go exhaustively into the details, but Mr. Sellar has made out a very impressive case for the revision of the basis of preparation of estimates, and also the method whereby the House

of Commons may maintain control, in the House, of public money and public property. I think we are serving a purpose by saying we are forwarding the recommendations and urging that the government give consideration to them before another session of the House.

The CHAIRMAN: Let us say then that we will have two meetings of the steering committee next week. One meeting will consider the report on the other part of our work concerning the custodian's office, and then another meeting will consider the report presented by Mr. Sellar. Now if I may ask the members, has anybody any suggestion as to what should go in the report concerning the custodian's office? If they have, would they kindly get in touch with me this week or with the clerk of the committee so that we may embody as much as we can in our first draft. The ideas of the members may contain some conflict but we can always iron them out and discuss them. It would facilitate the work of the steering committee if any member who has definite ideas as to what should go in the report will submit suggestions.

Mr. MACDONNELL: Is it possible for us to take some cognizance of the memorandum which Mr. Sellar gave us this morning dealing with the other matter of Estimates and Public Accounts?

The CHAIRMAN: They have been circulated among the members have they not?

Mr. FLEMING: We are speaking of the four of them.

The CHAIRMAN: Yes, his suggestions in general.

All right gentlemen, we will adjourn.

The meeting adjourned at 4.45 p.m. to meet again at the call of the chair.





## APPENDIX "A"

SESSIONAL PAPER NO. 135C

Friday, March 7, 1947.

Mover:—Mr. FLEMING, M.P.

*Question:—*

1. Were tenders invited by the Director of the Veterans' Land Act for the construction of houses at Boucherville?
2. Who was the Director of the Veterans' Land Act at that time?
3. Who is the Director to-day, and what are his qualifications and salary?
4. If tenders were invited, when were they invited, and for how many houses, and on what terms?
5. What tenders were received and who submitted them?
6. Which of these tenders were rejected?
7. Was a contract entered into, and if so, with whom as contractor, and for the erection of how many houses, and on what terms as to price and payment?
8. If such contractor was a corporation, who were its directors and officers at that time? If it was a partnership at the time, what are the names of the partners?
9. Were any tenders invited for the construction of the number of houses and on the terms set out in the answer to question 7?
10. What payments have been made pursuant to the said contract, and on what dates?
11. What record of progress had been made and submitted at the date of each such payment, and by what Government inspector or inspectors was the same made or provided in each case? Are all such inspectors still in the employ of the Government?
12. What further claims or requisitions for payment have been made by the contractor, and for what amounts, and on what dates, and on what basis?
13. What is the Government's intention with reference to such claims?
14. Are any further claims expected, and if so, for what and in what amount?
15. What investigation of this contract and the circumstances surrounding it has been made, and by whom, and at what expense to the Government to date?
16. What further investigation is intended, and by whom is it intended that it shall be made, and when is it expected to be completed and at what estimated expense?

The attached information has been received by the Secretary of State of Canada from the Department of Veterans Affairs.

*Answer From Department of Veterans Affairs*

1. Yes.

2. Mr. Gordon Murchison.

3. Mr. Gordon Murchison. Practical farming experience 1909 to 1914; joined staff of Soldier Settlement Board in Province of Saskatchewan July, 1919 as Land Inspector and was successively appointed to positions of Loan Adviser, Chief Appraiser, Assistant Superintendent and District Superintendent; Manager of Canadian Farm Loan Board in Alberta 1935 to 1938; Director of Soldier Settlement 1938 to date, and Director of Veterans' Land Act from inception of operations under that Act to date. Salary \$8,000 per annum.

4. Tenders were invited by advertisement as follows:—

Montreal *Daily Star*, May 26, 28, 29, 1945.*Daily Commercial News*, May 29, 30, 31, 1945.*La Presse*, May 26, 28, 29, 1945.

Copy of the advertisement attached.

5. Tenders were received from the following, for nine houses:—

O. Boisvert, Shawinigan Falls .....	\$45,884.00
Leclair-Dupuis, Montreal .....	52,257.14
J. L. Guay, Montreal .....	53,476.00
Douglas Bremner, Montreal .....	54,707.00
Deakin & Stewart, Montreal .....	61,010.00
R. & B. A. Ryan, Montreal .....	63,180.00
Archambault, Montreal .....	70,200.00

6. All of the tenders were rejected.

7. A contract was entered into, after negotiations, with the lowest of the original bidders, O. Boisvert, for the erection of 17 houses. The contract was on cost plus fixed fee basis, the fee being \$175.00 per house, plus plant and equipment rental fee of \$70.00 per house.

8. Contractor was neither a corporation nor a partnership.

9. No. See answer to Question 7.

10. Payments made pursuant to the contract:—

Date	Name	Amount
21 September, 1945	O. Boisvert .....	\$58,956.90
18 October, 1945	O. Boisvert .....	28,061.20
13 August, 1946	C. Asselin .....	263.25
13 August, 1946	Howard Air Conditioning .....	3,183.00
14 August, 1946	Cote Bros. Reg. ....	1,386.52
15 August, 1946	E. Barbyson .....	662.64
23 August, 1946	C. Proulx & Co. Ltd. ....	360.08
4 September, 1946	C. Frignon & Fils .....	2,627.00
4 October, 1946	J. Dube .....	77.34
14 January, 1947	Northern Electric .....	180.03

Total Payments to Date .....\$95,757.96

11. Records of progress were made weekly from:—

10th August, 1945 to October 5, 1945, by L. Lapointe and J. C. Lacroix.

12th October, 1945 to March 8, 1946 by J. G. Leblanc.

8th March, 1946 to May 3, 1946 by P. Richard.

Messrs. J. C. Lacroix and L. Lapointe are no longer employed by the Department having been released in November, 1945.

12. The contractor has issued a Petition of Right and served it on the Attorney General of Canada on the 16th January, 1947, claiming \$109,837.76 on the basis of his contract with the Director, Veterans' Land Act.

13. On the advice of the Department of Justice, the Department of Veterans' Affairs is denying liability in the suit.

14. No.



15. As there were indications that costs under the contract were running unduly high, departmental inquiries were initiated in September, 1945. On October 15 and 16 an "on site" investigation was conducted under supervision of the Chief of the Building and Construction Branch, Veterans' Land Act, and the Chief of the Construction Section, Inspection and Audit Division of Treasury. This led, on 23rd November, 1945, to the suspension of certain privileges and led the Royal Canadian Mounted Police being requested to make an independent investigation. Such investigation is continuing. No accounts for expenses have yet been received. Two convictions have already been obtained of persons implicated, and the prosecution of others is pending.

16. Until the present investigation by the Royal Canadian Mounted Police and the law officers of the Crown for the purposes of the Court proceedings is completed, no further investigation will be made.

---

#### TENDERS

Sealed Tenders, addressed to the District Superintendent, Veterans' Land Act, Montreal, Room 111, Confederation Building, and marked Tender for Boucherville project will be received up to 12 o'clock noon, June 11, 1945, for the construction of nine (9) houses and approximately 1500' of road for veterans on lots 43-3, 43-4, 43-5, 43-6, 43-7, 43-8, 43-9, 43-10, 43-11, Township Parish of Boucherville, County Chambly, Province of Quebec.

Plans, specifications and form of contract to be entered into may be seen, and tender forms obtained on application to the District Construction Supervisor at Montreal.

Plans, specifications may be obtained from the above official upon receipt of an accepted cheque, made payable to the Receiver General of Canada for the sum of \$25.00 (Twenty-five dollars). This cheque will be returned upon the return of the plans and specifications in good condition.

Each tender must be accompanied by a certified cheque on a chartered Canadian Bank equal to ten per cent (10%) of the tender price, payable to the order of the Receiver General of Canada, which cheque will be forfeited in the event of the tenderer refusing to enter into a contract on the basis of his tender, if called upon to do so, or failing to satisfactorily complete such a contract. Cheques of unsuccessful tenderers will be returned.

The Department does not bind itself to accept the lowest or any tender.

G. MURCHISON,  
*Director,*  
The Veterans' Land Act.

Department of Veterans Affairs,  
Veterans' Land Act,  
May 25, 1945.

## APPENDIX "B"

## SESSIONAL PAPER No. 135A

THURSDAY, February 27, 1947.

Mover:—Mr. Fleming, M.P.

*Question:*

1. What architects were commissioned in each year to prepare designs for houses under the Veterans' Land Act?
2. On what basis were the architects selected?
3. What fees were paid to each by years?
4. On what basis were such fees calculated?
5. Who has owned the designs since they were submitted?

The attached information has been received by the Secretary of State Department from the Department of Veterans Affairs.

*Answer:*

## Department of Veterans Affairs

1. In 1944 the following architects were commissioned to prepare designs for V.L.A. houses:—

C. B. K. Van Norman, B.C.	Rule-Wynn-Rule, Alta.
Moody and Moore, Manitoba	G. Adamson, Ontario
W. K. Humphrys, Ontario	Marcel Parizeau, P.Q.
Alward and Gillies, Maritimes	

Owing to pressure of their other business Messrs. Adamson and Parizeau did not supply sufficient and suitable designs so withdrew; consequently in 1945 Mr. P. J. Savard of Montreal was commissioned to prepare plans.

2. Architects were selected after discussions with the officers of the Royal Architectural Institute of Canada.

Year	Rule-Wynn-Rule	C.B.K. Van Norman	Moody & Moore	W. K. Humphrys	Alward & Gillies	P. J. Savard
1944-1945.. ..	800 00	1,600 00	750 00	.....	490 00	.....
1945-1946.. ..	7,490 00	4,150 00	4,800 00	4,710 00	440 00	780 00
1946-1947.. ..	.....	1,200 00	.....	.....	.....	.....
	8,290 00	6,950 00	5,550 00	4,710 00	930 00	780 00

4. Minimum of \$160.00 per plan, and \$10.00 per house after the first 16 houses were built from the plan. A further fee was paid to some of the architects in order to buy the plans outright.

5. All architects retained ownership of their designs until the following agreements were made in 1946:—a final fee was paid to Messrs. Van Norman, Rule-Wynn-Rule, and Moody and Moore, and ownership of certain of the plans prepared for V.L.A. by these firms was ceded to V. L. A. Alward and Gillies ceded ownership without a further fee. W. K. Humphrys retained ownership but granted full rights to V.L.A. to use any of the Humphrys' designs for V.L.A. without further fees of any kind. P. J. Savard retained ownership. These designs and those not purchased outright from Van Norman, Rule-Wynn-Rule, and Moody and Moore may be used by V.L.A. upon payment of a \$10.00 fee each time the plan is used.

## APPENDIX "C"

## SESSIONAL PAPER No. 38C

THURSDAY, March 13, 1947.

Mover: Mr. FLEMING, M.P.

*Question:—*

As to each of the following buildings:—

- (a) on St. Jean Street in the City of Quebec;
- (b) on Burnaby Street in the City of Vancouver;
- (c) on West 14th Avenue in the City of Vancouver which were the subject of agreements for conversion into apartments on the home conversion plan—

1. With whom as owner was the agreement made for conversion of the building into apartments?

2. If the owner was a corporation, who are its officers and directors and where is the head office located? If the owner was a partnership, who were the partners?

3. What was the estimate of the cost, and who prepared it, and what were the shares agreed to be borne respectively by the Government and the owner?

4. Who checked the estimate on behalf of the Government?

5. What was the actual cost of the conversion and in what shares has it been borne by the Government and the owner?

6. What payments have been made pursuant to the said agreement and on what dates?

7. What record of progress had been made and submitted at the date of each such payment, and by what Government inspector or inspectors was the same made or provided in each case? Are all such inspectors in the employ of the Government or Central Mortgage and Housing Corporation?

8. What investigation of this agreement, and of the estimate of cost and of the actual cost of conversion, has been made by or on behalf of the Government?

*Answer of the Department of Reconstruction and Supply*

1. (a) 197-199 St. Jean Street, Quebec—Ronald D. MacDonald, and  
63 St. Jean Street, Quebec—Joseph J. Bourque.
- (b) 1281 Burnaby Street, Vancouver—Hugh F. Lumb;  
1185 Burnaby Street, Vancouver—Beatrice Moore, and  
1340 Burnaby Street, Vancouver—Emma V. Smith.
- (c) 435 West 14th Avenue, Vancouver—Thomas and Mary C. Ellis, and  
905 West 14th Avenue, Vancouver—John S. Mulcahy.
2. Not applicable.
3. (a) 197-199 St. Jean Street, Quebec  
Estimate of cost—\$70,000.00  
Prepared by—A. Deslauriers & Fils Ltée.  
Shares agreed to be borne by:—  
Owner —\$34,000.00  
Government—Balance of cost  
63 St. Jean Street, Quebec  
Estimate of cost—\$14,000.00  
Prepared by—Albert Noel, Contractor  
Shares agreed to be borne by:—  
Owner—\$3,500.00  
Government—Balance of cost.



- (b) 1281 Burnaby Street, Vancouver  
 Estimate of cost—\$24,200.00  
 Prepared by—Herbert P. Falls, Contractor  
 Shares agreed to be borne by:—  
   Owner—nil  
   Government—Total cost
- 1185 Burnaby Street, Vancouver  
 Estimate of cost—\$25,000.00  
 Prepared by—Herbert P. Falls, Contractor  
 NOTE:—The effect of the agreement between the Government and the owner  
   as to their respective shares is a matter of dispute between the parties.
- 1340 Burnaby Street, Vancouver  
 Estimate of cost—\$19,000.00  
 Prepared by—Marwell Construction Co. Ltd.  
 Shares agreed to be borne by:—  
   Owner—\$2,500.00  
   Government—Balance of cost.
- (c) 435 West 14th Avenue, Vancouver  
 Estimate of cost—\$5,381.80  
 Prepared by—The Armstrong Co. Ltd  
 Shares to be borne by:—  
   Owner—nil  
   Government—Total cost.
- 905 West 14th Avenue, Vancouver  
 Estimate of cost—\$12,000.00  
 Prepared by—James G. Moffatt  
 Shares to be borne by:—  
   Owner—\$3,000.00  
   Government—\$9,000.00
4. (a) 197-199 St. Jean Street, and  
 63 St. Jean Street, Quebec,  
 Mr. E. Raymond, District Representative, N.H.A.
- (b) and (c)  
 1281 Burnaby Street  
 1185 Burnaby Street  
 1340 Burnaby Street  
 435 West 14th Street, and  
 905 West 14th Street, Vancouver  
 Mr. J. Davidson, District Representative, N.H.A.
5. (a) 197-199 St. Jean Street, Quebec  
 Actual cost of conversion—\$107,763.85  
 As follows:—
- |  |    |            |
|--|----|------------|
| Construction cost .....                    | \$ | 97,020.11  |
| Equipment (Stoves and Refrigerators) ..... |    | 7,063.09   |
| Rent paid to owner during conversion ..... |    | 3,680.65   |
|  | \$ | 107,763.85 |
- Shares were borne as follows:—
- |                  |    |           |
|------------------|----|-----------|
| Owner .....      | \$ | 34,000.00 |
| Government ..... |    | 73,763.85 |
- 63 St. Jean Street, Quebec  
 Actual cost of conversion .....
 \$ | 42,811.38 |

As follows:—

Construction cost .....	\$	39,770.58
Equipment (Stoves and Refrigerators) .....		1,747.80
Rent paid to owner during conversion .....		1,293.80
	\$	42,811.38

Shares were borne as follows:—

Owner .....	\$	3,500.00
Government .....		39,041.05
Extras requested by owner .....		270.33

(b) 1281 Burnaby Street, Vancouver  
 Actual cost of conversion .....
 \$ | 37,072.28 |

As follows:—

Construction cost .....	\$	31,462.01
Equipment (Stoves and Refrigerators) .....		4,393.50
Rent paid to owner during conversion .....		1,216.77
	\$	37,072.28

Complete cost was borne by the Government.

## 1185 Burnaby Street, Vancouver

Actual cost of conversion .....\$ 38,300.36

## As follows:—

Construction cost .....\$ 34,545.31

Equipment (Stoves and Refrigerators) ..... 2,671.83

Rent paid to owner during conversion ..... 1,083.22

\$ 38,300.36

## Shares were borne as follows:—

Owner .....\$ 9,000.00

Government ..... 29,300.36

Note:—The matter of further recovery from the owner is in dispute. See answer to Question 3(b).

## 1340 Burnaby Street, Vancouver

Actual cost of conversion .....\$ 27,360.08

## As follows:—

Construction cost .....\$ 24,631.20

Equipment (Stoves and Refrigerators) ..... 2,288.88

Rent paid to owner during conversion ..... 440.00

\$ 27,360.08

## Shares were borne as follows:—

Owner .....\$ 2,500.00

Government ..... 24,860.08

## (c) 435 West 14th Avenue, Vancouver

Actual cost of conversion .....\$ 7,901.77

## As follows:—

Construction cost .....\$ 6,661.23

Equipment (Stoves and Refrigerators) ..... 949.25

Rent paid to owner during conversion ..... 291.29

\$ 7,901.77

Complete cost was borne by the Government.

## 905 West 14th Avenue, Vancouver

This conversion project was abandoned after officials of the N.H.A. were of the opinion that the owner had violated the terms of the said lease and that the contractor had violated the terms of the contract. The owner and the contractor disputed the validity of the notice of cancellation given them by the N.H.A. officials. After negotiations the owner and contractor agreed to release all claims against His Majesty the King in respect of the said lease and contract upon payment to the contractor of the sum of \$4,000.00—authority by Order in Council P.C. 4450 dated 22nd June, 1945.

## 6.(a) 197-199 St. Jean Street, Quebec

## Construction—

## Payments to contractor:—

July 3, 1944 .....\$ 2,500.00

August 22, 1944 ..... 3,250.00

September 9, 1944 ..... 6,000.00

October 10, 1944 ..... 8,000.00

November 24, 1944 ..... 9,000.00

March 16, 1945 ..... 6,250.00

October 4, 1945 ..... 20,000.00

October 24, 1945 ..... 5,636.08

Total .....\$ 60,636.08

## 63 St. Jean Street, Quebec

## Construction—

## Payments to contractor:—

November 24, 1944 .....\$ 890.00

December 13, 1944 ..... 4,550.00

March 9, 1945 ..... 2,000.00

April 6, 1945 ..... 2,000.00

June 4, 1945 ..... 4,000.00

June 4, 1945 ..... 1,984.00

June 4, 1945 ..... 1,232.00

October 31, 1945 ..... 2,697.00

October 31, 1945 ..... 977.69

October 31, 1945 ..... 324.42

March 27, 1946 ..... 14,009.02

Total .....\$ 34,665.71

## (b) 1281 Burnaby Street, Vancouver

## Construction—

## Payments to contractor:—

October 9, 1943 .....	\$ 4,117.05
November 17, 1943 .....	3,191.04
December 16, 1943 .....	2,952.00
February 2, 1944 .....	3,927.00
February 16, 1944 .....	5,896.64
March 30, 1944 .....	3,689.94
June 29, 1944 .....	2,152.44
July 25, 1944 .....	4,895.12
January, 1945—Credit .....	26.79

Total ..... \$ 30,794.44

## 1185 Burnaby Street, Vancouver

## Construction—

## Payments to contractor:—

February 2, 1944 .....	\$ 3,638.00
February 16, 1944 .....	2,924.41
March 13, 1944 .....	2,947.86
April 22, 1944 .....	1,076.02
May 22, 1944 .....	1,996.37
September 20, 1944 .....	7,000.00
October 25, 1944 .....	4,098.24
November 30, 1944 .....	1,000.00
Owner's share paid to contractor .....	9,000.00

Total ..... \$ 33,680.90

## 1340 Burnaby Street, Vancouver

## Construction—

## Payments to contractor:—

August 31, 1944 .....	\$ 2,129.91
August 10, 1944 .....	2,609.09
October 27, 1944 .....	3,813.65
November 30, 1944 .....	5,041.30
January 24, 1945 .....	6,061.74
January 31, 1945 .....	587.95
April 2, 1945 .....	3,086.67

Total ..... \$ 23,330.31

## (c) 435 West 14th Avenue, Vancouver

## Construction—

## Payments to Contractor

October 3, 1944 .....	\$ 628.14
November 1, 1944 .....	978.80
November 30, 1944 .....	1,587.26
January 11, 1945 .....	765.16
January 31, 1945 .....	1,794.64
March 9, 1945 .....	581.28

Total ..... \$ 6,335.28

## 905 West 14th Avenue, Vancouver

See answer to Question 5 (c).

## 7.(a) 197-199 St. Jean Street, Quebec.

After the first of each month the contractor submitted an estimate of material delivered and used together with the payrolls of personnel employed on the job in the previous month. The N.H.A. inspectors, Messrs. L. Blouin, L. Pouliot and C. H. Soucy carried out daily inspections of the project checking on construction, delivery and use of materials, and the time sheets of men employed by the contractor. The inspectors signed the delivery slips for materials used for the conversion and counter-signed all the invoices submitted by the contractor certifying that the materials had been expended on this project. The contractor's estimate was then checked against invoices and payrolls and if found to be in order, it was forwarded together with supporting documents to Treasury Department, Ottawa for payment.

Before payment of the last and final payment was made, the entire account including all invoices, payrolls, etc. was audited by Treasury Department, in Ottawa. When the District Representative, N.H.A. certified that the work was satisfactory and the costs fair and just, the Treasury Department made payment of the final estimate and holdback sum if the account was correct.



The inspectors named above were formerly employed by N.H.A. having been obtained through the Civil Service Commission, on a temporary basis. They are not employees of Central Mortgage and Housing Corporation.  
63 St. Jean Street, Quebec.

Sale procedure as above.

The inspectors assigned to this project included Messrs. J. E. Morency, T. Nadeau L: Pouliot and L. Blouin. They were formerly employed by N.H.A. but they are not employees of Central Mortgage and Housing Corporation.

(b) 1281 Burnaby Street, Vancouver

The contractor submitted a monthly estimate with supporting invoices and payrolls for work done in the previous month. Mr. A. R. Taylor, the N.H.A. inspector assigned to this project kept a running check on the men, their hours of work, rates of pay and checked his own records against the payrolls submitted by the contractor. Mr. Taylor also countersigned all invoices for materials as having been expended on the job and submitted a weekly report on the progress of construction.

The contractor's estimate was then checked against the invoices and payrolls and if found in order, it was forwarded with supporting documents to Treasury Department, Ottawa for payment.

Before final payment was made, as in all other cases, an audit was made of the entire account by Treasury Department, Ottawa. When the account was found to be in order and after the District Representative, N.H.A. certified that the work was satisfactorily completed according to plans and specifications and that the prices were fair and just, final payment together with the holdback sum was made to the contractor.

Mr. A. R. Taylor, the inspector on this job was formerly an employee of N.H.A. and Central Mortgage and Housing Corporation. At present he is not an employee of Central Mortgage and Housing Corporation.

1185 Burnaby Street, Vancouver

Same procedure as above.

Mr. J. Valente, the inspector on this project was formerly employed by N.H.A. He is not an employee of Central Mortgage and Housing Corporation.

1340 Burnaby Street, Vancouver.

Same procedure as above.

The inspector on this job was Mr. G. A. Copley, who was formerly employed by N.H.A. He is not an employee of Central Mortgage and Housing Corporation.

(c) 435 West 14th Avenue, Vancouver

Same procedure as in (b) above.

Mr. W. P. Colbert was the inspector assigned to this project. He was formerly employed by N.H.A. and then by Central Mortgage and Housing Corporation. He is not an employee of Central Mortgage and Housing Corporation at the present time.

8. (a) 197-198 St. Jean Street, Quebec

Before the agreement was drawn up, an investigation of the credit and reputation of the contractor was made and a legal search of title carried out as to title of the property concerned. When the District Representative was satisfied with the finding of this investigation, the agreement was then assigned by the contractor and the owner and forwarded to Head Office, N.H.A. Ottawa for approval. Head Office, N.H.A. then submitted it for signature by the Minister of Finance.

The District Representative, N.H.A. together with a local architect inspected the property in question to investigate the qualities, possibilities and probable costs for successful conversion. If the District Representative, N.H.A. was satisfied that the net income of the property as a converted unit warranted the cost of conversion, the architect then proceeded to draw up the plans and specifications. Tenders were then called for from various contractors. The District Representative, N.H.A. was responsible for awarding the contract subject to final approval of the Minister of Finance.

The contract was awarded on a cost plus fixed fee basis. N.H.A. representatives were daily present on the job to check on progress and costs.

Any change in plans and/or specifications effected by unforeseen defects in the building which affected the estimate was referred to the District Representative, N.H.A. who, after consultation with the architect, was responsible for approval of same, subject to final approval by Head Office, N.H.A.

63 St. Jean Street, Quebec.

Before the agreement was drawn up, and investigation of the credit and reputation of the contractor was made and a legal search of title carried out as to title of the property concerned. When the District Representative was satisfied with the findings of this investigation, the agreement was then signed by the contractor and forwarded to Head Office, N.H.A., Ottawa for approval. Head Office, N.H.A. then submitted it for signature by the Minister of Finance.

The District Representative, N.H.A. together with a local architect inspected the property in question to investigate the qualities, possibilities and probable costs for successful conversion. If the District Representative, N.H.A. was satisfied that the net income of the property as a converted unit, warranted the cost of conversion, the architect then proceeded to draw up the plans and specifications. Tenders were then called for from various contractors. The District Representative, N.H.A. was responsible for awarding the contract subject to final approval of the Minister of Finance.

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- (b) and (c) 1281 Burnaby Street  
1185 Burnaby Street  
1340 Burnaby Street, and  
435 West 14th Avenue, Vancouver  
The same investigation as for 63 St. Jean Street, Quebec, as in 8(a) above.

## APPENDIX "D"

P.C. 6359

AT THE GOVERNMENT HOUSE AT OTTAWA

TUESDAY, the 2nd day of October, 1945.

PRESENT:

HIS EXCELLENCY

THE GOVERNOR GENERAL IN COUNCIL

Whereas under the provisions of Order in Council P.C. 6812 dated August 30, 1943, the Minister of Finance entered into a lease dated 3rd May, 1944, with R. D. MacDonald of the City of Quebec of certain property situate in that City, whereby the Minister on behalf of His Majesty in right of Canada leased the said property from the owner for a term of five years subject to a right to renew for an additional term of three years, and the Minister entered into a contract dated the 22nd of April, 1944, with Henri Deslauriers, Contractor, and the said R. D. MacDonald, to have certain alterations made to the buildings on the said property, estimated to cost \$70,000, in order to provide additional housing accommodation in the City of Quebec;

And whereas the Minister of Finance reports that by mutual mistake the terms of the said lease and contract varied from the original informal agreement of the Parties, set out in a letter dated March 27, 1944, from E. Raymond, Regional Director of Housing, to R. D. MacDonald, with respect to the responsibility for any additional costs of conversion over the estimate; whereas the original informal agreement between the Parties provided that the owner should be responsible for a portion of the cost of conversion in an amount not exceeding \$34,000, the Crown being responsible for the balance, the terms of the formal contract provided that the Crown should be responsible only for an amount of

\$36,000 of the costs of conversion and that the owner should be responsible for the balance of the cost of the work over and above the amount payable by the Crown;

That due to certain hidden defects in one of the buildings being converted the costs of conversion exceeded the estimate of \$70,000 by approximately \$24,000; and

That the owner is agreeable, in consideration of the Crown correcting the mistake in the formal contract to accord with the intent of the Parties, to extend the term of the lease for an additional two years so as to enable the Crown to amortize one-half the additional costs of conversion over a total period of ten years.

Therefore, His Excellency the Governor General in Council, on the recommendation of the Minister of Finance and under and by virtue of the War Measures Act and pursuant to Order in Council P.C. 6812 dated August 30, 1943, is pleased to approve and doth hereby approve the revision of the said lease and contract to provide that the term of the lease be extended to a total term of ten years and that the Crown pay all costs of conversion over and above an amount of \$34,000 which shall be paid by the owner.

(Sgd.) A. D. P. HEENEY,  
*Clerk of the Privy Council.*

## APPENDIX "E"

### P.C. 4450

CERTIFIED to be a true copy of a Minute of a Meeting of the Committee of the Privy Council, approved by his Excellency the Governor General on the 22nd June, 1945.

The Committee of the Privy Council have had before them a report, dated 20th June, 1945, from the Minister of Finance, representing:—

1. That by Orders in Council P.C. 4579 of June 4, 1943; P.C. 8305 of October 26, 1943; P.C. 6814 of August 29, 1944; and P. C. 7742 of October 6, 1944, the Minister of Finance was authorized to lease suitable buildings in Vancouver, Victoria, Nanaimo, and contiguous municipalities, and to convert the same into housing units to be sublet to suitable tenants for the relief of the housing shortage in the said Cities;
2. That pursuant to the said Orders in Council the Minister of Finance, by indenture dated the 29th day of November, 1943, agreed to lease from John Shirley Mulcahy (hereinafter called the Owner) of the City of Vancouver, the premises known as Lot 11, Block 436, subdivision of District Lot 526, Group 1, New Westminster District, according to the registered map or plan thereof deposited in the Land Registry Office at the City of Vancouver, Province of British Columbia, and numbered 1276, for a term of five years from December 1, 1943, but no rental has been paid to the owner for the said property;
3. That by Agreement dated November 30, 1943, James George Moffatt (hereinafter called the Contractor) agreed with the Minister of Finance to provide all the materials and perform all the work to alter the said premises for the cost of the work together with a fee of \$700;



4. That the said Agreement with the Contractor was by mutual agreement cancelled and replaced by an Agreement dated July 15, 1944, under which the Contractor agreed to provide the materials and perform the said work for the sum of \$12,000 of which amount \$3,000 was payable by the owner;
5. That during the course of the alterations, and after the Contractor had furnished part of the material and performed part of the work, the officials of the Housing Administration were of the opinion that the Owner had violated the terms of the said lease and that the Contractor had violated the terms of the said contract, and notices were given by the said officials to the said Owner and Contractor cancelling the said lease and contract;
6. That both the Contractor and the Owner disputed the validity of the said notices and claimed damages from His Majesty the King in right of Canada for wrongful repudiation of the contract and lease;
7. That after negotiation the Owner and Contractor have agreed to release all claims against His Majesty the King in respect of the said lease and contract upon payment to the Contractor of the sum of \$4,000; and
8. That in the opinion of the Minister it is advisable and in the best interest of the Crown that the said claims should be settled.

The Committee, therefore, on the recommendation of the Minister of Finance, advise that under and by virtue of the War Measures Act, the Minister of Finance be authorized to pay from moneys appropriated for the purposes of carrying out the provisions of P.C. 7742 of October 6, 1944, the sum of \$4,000 in full settlement of all claims which John Shirley Mulcahy and James George Moffatt have against His Majesty the King in right of Canada under lease dated November 29, 1943, between the said John Shirley Mulcahy and the Minister of Finance and under contracts dated November 30, 1943, and July 15, 1944, between James George Moffatt and the Minister of Finance.

(Sgd.) A. D. P. HEENEY,  
*Clerk of the Privy Council.*

## APPENDIX "F"

July 3, 1947.

The Secretary,  
 Public Accounts Committee.

DEAR SIR.—At the meeting in the afternoon of July 2nd, it was suggested that I file with you a memorandum outlining the various changes which I consider might usefully be made to the Consolidated Revenue and Audit Act, 1931. This is the memorandum.

1. The name of the Act be changed to "Public Finance Act", and repeal the Board of Audit Act, c. 10, R.S.; Contingencies Act, c. 31, R.S.; Department of Finance and Treasury Board Act, c. 71, R.S., and c. 48, Statutes 1931; Public Lands Grants Act, c. 114, R.S.; Ordnance and Admiralty Lands Act, c. 115, R.S.; Consolidated Revenue and Audit Act, c. 27, Statutes 1931; Department of Transport Stores Act, c. 16, Statutes 1937, and Government Companies

Operation Act, c. 24, Statutes 1946, and also various financial sections in other statutes. In short, my thought is that all pertinent directions be brought together in a single statute. It is for such reasons that I think "Public Finance Act" would be a more appropriate title.

2. Change the title "Comptroller of the Treasury" to "Comptroller of Accounts", because many people confuse the work of the Comptroller with the activities of the Treasury Board. The Board is composed of Ministers, and should not be confused with the activities of an administrative office.

3. In a great many statutes an order of the Governor in Council is required to signify a decision. The mass of such routine is now of proportions that it must make serious inroads on the time of the Cabinet. My thought is that the Governor in Council be vested with a power to delegate to the Treasury Board the exercise of such of its functions as it might from time to time decide.

4. It would be desirable were revenue accounts to remain open for ten days after March 31st, in order that current receipts in transit be related to the proper year.

5. A great many services are rendered for the benefit of individuals. In many cases there is no clear authority to make charges. I would empower the Governor in Council to fix scales of charges and, on publication in the *Canada Gazette*, it be obligatory to collect.

6. Section 33 of the Consolidated Revenue and Audit Act permits the Governor in Council "whenever he deems it right and conducive to the public good" to remit any "duty or toll". I would broaden that to cover any tax, impost, duty or toll. I would also provide in the same section a means to compromise or write-off bad debts, etc.

7. At the present time there is no clear authority to permit the Minister of Finance to invest, temporarily, idle cash balances in his bank accounts. I would give him such a power, but prohibit him from buying Government securities listed at substantial premiums, as such purchases bring speculation into a transaction.

8. At present no officer has any general responsibility with respect to revenues. My thought is that the Comptroller of Accounts should be required to keep constantly under review assessing, collecting and accounting practices of each department. His reports would be to the Minister of Finance.

9. It is my opinion that it is an undesirable practice to amend legislation by means of an item in an Appropriation Act, therefore I would insert a section prohibiting the submission of Estimates including such an item.

10. I have already outlined my thoughts with respect to Estimate's explanations.

11. In a previous memorandum it has been suggested that a practice of credits-in-aid appropriations be introduced for those services which have material "service" revenues—as distinct from taxes.

12. Instead of cheques being drawn on the Receiver General of Canada, it would be better to draw on the Bank of Canada and thus permit cashing banks to clear at all bank clearing centres.

13. There should be legislation to govern the cases where securities should be given by contractors and the use which may be made of such deposits.

14. Likewise, the situation should be clarified with respect to powers of attorney tendered to the Government.

15. Parliament must consent before the Government may borrow. In my opinion, there are too many borrowing authorities tacked on to statutes. In addition, there are general borrowing statutes—mainly to refinance, but permitting new borrowings. A maturity might properly be refinanced without fresh

legislation, so long as the principal amount is not increased. This would eliminate refinancing of debts statutes.

16. The method of handling loan issues—door-to-door sales and pay-roll deductions—presents the risk that, by theft or bankruptcy, a small purchaser may be defrauded without recourse on the Government. Provision should be made that, in either of the foregoing contingencies, the collector be regarded as an agent of the Crown.

17. The present statute was enacted when the Debt was serviced by the Department of Finance. As a result of the Bank of Canada Act, the activity is now performed by the Bank. For that reason, Debt Servicing regulations, which are of concern to the public, should be statutory.

18. In my opinion, the stores of all major departments should be regulated in such a manner that they are tied-in with the Balance Sheet of Canada. Likewise, I am of opinion that commercial real property should be periodically valued and controlled by the Balance Sheet. Property which is unsaleable might be ignored—forexample, the Parliament Buildings, the canals, etc.

19. The functions of the Deputy Minister of Finance have outgrown the keeping of accounts. That task might be performed by the Comptroller of Accounts.

20. A single accounting office should be operated for Senate, House of Commons and Library accounts and the Comptroller of Accounts required to post monthly in that office a statement of transactions for the information of Senators and Members.

21. It should be a statutory duty on the Auditor General to examine all accounts receivable, etc. (at present his duty is to examine actual collections). I would also make it necessary that he examine stores and property accounts to a much greater degree than is now required; also, require him to report on systems, or practices followed by departments in administering revenue collections, stores, etc.

22. The present retiring age of the Auditor General is 70. I would reduce it to at least 65, and believe it should be 60, because no man should occupy the position too long.

23. The present officers' guarantee fund is based on an Appropriation Act item. A comprehensive plan in a statute would be preferable.

24. It would remove criticism were a Minister authorized to recognize writs for attachment of civil servants' salaries, when issued after judgment, up to a percentage of salary.

25. All corporation budgets should be annually submitted to the appropriate Minister for approval in those cases where parliamentary approval is not required by legislation or usage. Further, limits as to what the budget might provide might be set out. Purpose: to avoid deficit planning.

26. I would adopt a recent American statute and require the accounts of all corporations owned or controlled by the Crown to be audited by the Auditor General, and require him to report on any ultra vires transactions—the expense of audit to be shared.

27. Title to Crown property, administered by a corporation, be vested in that body, leaving to the Courts the question of liability for taxes.

28. Make the calender year the fiscal year for Crown corporate bodies.

Yours faithfully,

WATSON SELLAR,  
*Auditor General.*







Canada - Public Accounts, Standing Committee, 1947

( SESSION 1947  
HOUSE OF COMMONS )

Government  
Publications

( STANDING COMMITTEE

ON

# PUBLIC ACCOUNTS )

MINUTES OF PROCEEDINGS AND EVIDENCE

No. 19

FRIDAY, JULY 4, 1947

WITNESSES:

Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act;

Mr. William T. Cleave.

OTTAWA  
EDMOND CLOUTIER, C.M.G., B.A., L.Ph.,  
PRINTER TO THE KING'S MOST EXCELLENT MAJESTY  
CONTROLLER OF STATIONERY

1947







## MINUTES OF PROCEEDINGS

FRIDAY, July 4, 1947.

The Standing Committee on Public Accounts met at 11 o'clock a.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Beaudry, Boucher, Bradette, Burton, Côté (*Verdun*), Cloutier, Denis, Fleming, Fraser, Gladstone, Golding, Hamel, Homuth, Jeanicke, Macdonnell, Murphy, Picard, Probe, Rinfret, Stuart (*Charlotte*), Warren, Winkler.

*In attendance:* Mr. Gordon Murchison, Director, Soldier Settlement and Veterans' Land Act; Mr. William T. Cleave.

It was agreed that a meeting of the steering committee be held on the afternoon of Tuesday, July 8, to consider an interim report dealing with the affairs of the Ottawa office of the Custodian of Enemy Property and with his administration of the property of organizations declared to be illegal.

The Committee proceeded to an investigation into the operations of The Veterans' Land Act in the Township of Sarnia, in the County of Lambton, Ontario.

**Mr. Murchison was called and questioned.**

Mr. Fleming filed a copy of Sessional Paper No. 1351, dated Wednesday, April 16, 1947, which, on motion of Mr. Fleming, was ordered to be printed as *Appendix "A"* to this day's minutes of proceedings and evidence.

Mr. Fleming filed a copy of Sessional Paper No. 135L, dated Thursday, May 22, 1947, the last page of which, *Average Cost for each Basic Floor Plan in each Province*, on motion of Mr. Fleming, was ordered to be printed as *Appendix "B"* to this day's minutes of proceedings and evidence.

Mr. Murchison undertook to furnish the Committee with copies of contracts and other information relating to the construction of houses by his department at Sarnia.

Mr. Murchison retired.

At 1 o'clock p.m. the Committee adjourned until 4 o'clock this day.

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### AFTERNOON SITTING

The Committee resumed at 4 o'clock p.m., the Chairman, Mr. L. P. Picard, presiding.

*Members present:* Messrs. Beaudry, Burton, Case, Côté (*Verdun*), Cloutier, Dechene, Denis, Fleming, Gladstone, Golding, Grant, Homuth, Jaenicke, Murphy, Picard, Probe, Rinfret, Stuart (*Charlotte*), Warren, Winkler.

*In attendance:* Mr. William T. Cleave.

The Committee continued its investigation into the operations of The Veterans' Land Act in the Township of Sarnia.

Mr. Cleave was called, sworn and questioned.

Mr. Cleave retired.

At 6.10 o'clock p.m. the Committee adjourned until Wednesday, July 9, at 11 o'clock a.m.

A. L. BURGESS,  
*Clerk of the Committee.*





## MINUTES OF EVIDENCE

HOUSE OF COMMONS,

July 4, 1947.

The Standing Committee on Public Accounts met this day at 11.00 a.m. The Chairman, Mr. L. Philippe Picard, presided.

The CHAIRMAN: Gentlemen, before we start this morning I think it might be well if we would set up an agenda on this particular item because it has come quite late in our work. According to the wishes expressed by most of the leaders in the House we want to get through the work of parliament as soon as possible and I wonder if we could have an idea from Mr. Fleming as to how many meetings he thinks his particular angle of this question might consume? We would then have an idea how we should set up our agenda for next week because the time is pressing.

Mr. FLEMING: Mr. Chairman, it is a little difficult to say, but the best estimate I could give in advance of hearing any of the evidence would be perhaps about three meetings of the committee.

The CHAIRMAN: I see, now is that assuming that you will take all three meetings for yourself?

Mr. FLEMING: No, no, no.

The CHAIRMAN: I am not asking that as a joke but I am asking you frankly. You actually might want to take the three meetings for yourself.

Mr. FLEMING: No, I hope I would not do that, Mr. Chairman. If we can do better than three meetings I am sure we will all want to do so. If we were to sit more than once a day it would not mean sitting three days, and I am only talking about three meetings. That is my present impression but it is a little difficult to say in advance.

The CHAIRMAN: Well, I had a talk last night with some of the members of the committee and I understand it would be agreeable to many of them to sit twice to-day. Also, I have had the feeling expressed by many of the members that they would not want to sit on Monday, and on Tuesday we have the External Affairs Committee where most people will want to be. Then, we have the reports to be brought in about the work we have done previously. I think, therefore, Tuesday afternoon might be devoted to a meeting of the steering committee and I would then submit reports on the angles of our work not covered already by reports. One is the illegal organizations question, another is the custodian's office in Ottawa, and then we have Mr. Sellar's evidence and recommendations. I think we might on Tuesday afternoon and perhaps Tuesday night have two meetings of the steering committee on those features. Then we might sit twice on Wednesday and twice on Thursday to get rid of this particular work.

Mr. GOLDING: Why could you not sit a couple of times to-morrow?

The CHAIRMAN: Most of the members have expressed the idea that they cannot be here but if that is desired now we could take a vote.

Mr. FLEMING: I would think Mr. Chairman we will have to sit either to-morrow or on Monday because there may be quite a bit of pressure in the House once you get past the middle of the week and if there were any discussions on any of these reports, I am not anticipating that there should be, but

I think the reports should be in the hands of the House in time to permit such discussion.

The CHAIRMAN: You mean the reports of our committee?

Mr. BURTON: Mr. Chairman, if I may be allowed to say a word in connection with that I would make the suggestion that we proceed with this meeting to-day and see the course it is going to take and how important it may become. For my part I am not going to agree that we need four or five meetings until we see what develops. Furthermore, under the circumstances, I do not see that the members should be asked to sit twice in this committee to-morrow after the work we have had in the House and the work we have had during the past week on other committees that we have had to attend. My suggestion is that we proceed with the work and make our plans later.

The CHAIRMAN: That is agreeable to me. The only point in bringing this up at the start of the meeting is that during the meeting many of the members go away and when we reach the end of the meeting we do not even have a quorum to decide what we will do next. Very often these members do not have a chance to say whether they want to sit on such and such a day or not.

Mr. MACDONNELL: Does that make the next meeting illegal if there is no quorum to fix the date?

The CHAIRMAN: I would not say that. Then, gentlemen, let us say that we will agree to Mr. Burton's suggestion of going ahead with this morning's work and at the end of the meeting we will decide what to do next. We will call first Mr. Cleave.

Mr. FLEMING: I believe there are two witnesses here, Mr. Murchison, and Mr. Cleave. Perhaps we might have Mr. Murchison first on some of the background of this enterprise.

Mr. GOLDING: I think you are reversing it.

Mr. FLEMING: No, Mr. Chairman, Mr. Murchison is the logical person to call first because he has the background information. Mr. Cleave has the immediate information about the properties as he was dealing with them but I would not think he has personal knowledge of the background and I think it would be more logical to have the background first. I therefore suggest we call Mr. Murchison first.

The CHAIRMAN: Mr. Murchison is here.

### **Gordon B. Murchison, Director of The Soldiers' Settlement Board and Veterans' Land Act, called:**

Mr. FLEMING: Shall I start Mr. Chairman?

The CHAIRMAN: Yes, go ahead.

*By Mr. Fleming:*

Q. Mr. Murchison, what is your official office with the Veterans' Land Act administration?—A. I am the director.

Q. And you have held that office how long?—A. Since November 1942.

Q. As a matter of fact you have held it ever since the Act was passed and the administration was set up?—A. Yes.

Q. And you have personal knowledge of the operations of the Veterans' Land Act administration in Sarnia township, the county of Lambton, Ontario?—A. I have a good general knowledge.

Q. How many houses were built there by the Veterans' Land Act?—A. Twenty-five in that township.

Q. In Sarnia township? Now how many of those had been built up until April last?—A. All of them.

Q. All of them? Are you quite sure about that? We are speaking simply of Sarnia township?—A. Sarnia township, Lambton county.

Q. Yes.—A. Perhaps I should say we have approved of loans for that number of houses in that township. I should not have said those houses are completed but we have approved the loans on those houses.

Q. Are you familiar with sessional paper 1351 dated April 16, 1947? I will read to you question 1(a) and the answer. These are questions by Mr. Murphy.

What is the total cost of each home under the Veterans' Land Act in (a) Sarnia township, Lambton county...

and the answer shows "eight houses constructed".—A. That must refer only to the project of eight houses in a group that was built near the city of Sarnia.

Q. Let us concern ourselves with that group of eight houses built in Sarnia township. I just interject that those other ones you speak of must be somewhere else than Sarnia township. I do not think they are in the township or else this return was not complete in April last.

Take this group of houses, what was the size of those houses?—A. They were 4, 5, and 6 roomed houses I believe.

Q. Well have you got the actual information there?—A. No I have not.

Q. Well that is not very much help to us then. Do you happen to have an indication on your records regarding the plans on which they were constructed?—A. I have the identification of a house plan by a code number but nothing further than that.

Q. Would that indicate to you what plan was used in the construction of those houses?—A. Yes.

Q. Perhaps I could help you? Is it not a fact that there were four plans and there were two houses built according to each plan?—A. That is right.

Q. Now you say there are four plans of 4, 5, and 6 roomed houses?—A. Yes, that is my recollection, or 5 and 6 roomed houses.

Q. Well I am told there are 4 and 6 roomed houses but no 5 roomed houses?—A. I would not argue with that.

Q. Well now you know what plans they were, can you give an indication to the committee as to the size of the houses?—A. Can I give the over-all dimensions?

Q. Yes.—A. No, I would not care to say precisely what the over-all dimensions were.

Q. Well you know what the plans were, are you familiar with the size of the houses according to those plans?—A. Not the precise dimensions of them.

Q. What you are saying is you have not got the plans?—A. That is correct.

Q. I think we will have to ask you to produce those plans unless we can shorten things up to this extent, they are 4 and 6 roomed houses. Do you know how many floors there are?—A. Storey and a half and bungalows.

Q. But without further records you cannot give us the dimensions of the houses?—A. No.

Q. I will have to ask you to get that for us. Now have you the dates on which construction was commenced and completed?—A. I have the date of the contract under which the houses were constructed.

Q. They were all built under one contract?—A. That is right.

Q. Can you give us the date?—A. The date of the contract was July 21, 1945.

Q. July 21, 1945 and the name of the contractor was —?—A. Ryan Home Builders, of Detroit street, Windsor.

Q. I think we better have the contract or a copy of it filed, Mr. Chairman. We will probably have to come back to that later.

The CHAIRMAN: Will you have a copy prepared, Mr. Murchison? This one belongs to the file so we will not ask Mr. Murchison to take that out.



*By Mr. Fleming:*

Q. Do you have a copy that you could take out of your file?—A. No, this is the original but I could let you have a copy later.

Q. Very well. Is that the only contract with respect to these eight houses, or were there other contracts entered into with the same contractor or anyone else in relation to those eight houses?—A. Not for the original construction. Any additional contracts developed here would be by way of sub-contracts under the prime contract.

Q. Is the Veterans' Land Act interested in the sub-contracts?—A. Only to the extent that they approve them as submitted by the prime contract.

Q. Will you submit to the committee copies of these sub-contracts? Do you happen to know how many there were?—A. No.

Q. We can take it these supplementary contracts all were with the Ryan Home Builders Ltd., Windsor?—A. The prime contracts were with Ryan Home Builders Ltd. but the sub-contracts were arranged by Ryan and approved by our representative.

Q. Have you got a copy of those sub-contracts?—A. I believe so.

Q. I understand, apart from the sub-contracts, there were two supplementary contracts entered into with Ryan Home Builders by the Veterans' Land Act?—A. For what purpose?

Q. In relation to those houses.—A. Yes, that appears to be right, sir.

Q. What are the dates of the supplementary contracts?—A. One is the 21st of July, 1945, and one is the 14th of September, 1945.

Q. Are there any others?—A. Those are all I see on my file.

Q. Will you search your file, Mr. Murchison, and submit any supplementary contracts with the builder as well as the sub-contracts please?

You gave us the date of the contract as July 21, 1945. Have you the date the construction, and I am principally concerned about the date of completion, the period of the contracts covered?—A. I cannot give you that precise date, sir, because the houses were allocated, according to my information in some cases, before the contract was completed. For all practical purposes I believe the houses were constructed by some time in December, 1946.

Q. December, 1946, that was about a year and a half after the contract was let. Were the houses all completed then by December, 1946, all eight of them?—A. I believe so.

Q. And were they allotted then to veterans?—A. Yes.

Q. And when did the veteran enter into occupation?—A. I have not got the exact date of that but it would be about that time.

Q. Now what was the nature of the contract with Ryan Home Builders Ltd.? Was it on a cost plus fixed fee basis?—A. Cost plus management fee, or fixed fee basis.

Q. That will appear— —A. That will appear in the contract.

Q. Is that the basis upon which houses were being constructed under the Veterans' Land Act at that time?—A. That is right, not all cases, but in the majority of cases.

Q. Well from the time P.C. 1728 was passed on April 2, 1946, it became the standard basis of contract did it not for the Veterans' Land Act?—A. P.C. 1728 is it, which you mention?

Q. Yes.—A. I do not think that has any reference to the type of contract that was entered into.

Q. It has reference to it.—A. It has reference to the adjustment of construction costs incurred under cost plus contracts after the date of that order.

Q. That is the basis you were dealing, under the Veterans' Land Act, at that time, cost plus fixed fee?—A. Yes.

Q. Now in these particular cases without reading over the contract in full, can you indicate what that fixed fee amounts to in terms of these eight

houses?—A. The fixed fee, I believe, was \$225 per unit which was the payment for supervision and management of the contract.

Q. When was the land purchased?—A. 1945.

Q. 1945, and on whose recommendation?—A. On the recommendation of the advisory committee at London, Ontario.

Q. And did the construction of the eight houses completely cover the parcel of land that was purchased?—A. By no means.

Q. What was the basis upon which the land was appraised when bought?—A. When we purchased the land?

Q. Yes.—A. There were two adjoining parcels of land, one consisted of 34.71 acres. That was purchased from a Mr. McNally at \$295 an acre. 31.4 acres were purchased from a Mr. Durance at \$285 per acre.

Q. What price has been assigned by V.L.A. to the eight parcels on which the eight houses are erected?—A. \$178.

Q. \$178?

*By Mr. Gladstone:*

Q. Who are the advisory committee at London?—A. I am sorry I cannot give you their names offhand, with one exception; Mr. England, the investment manager of the London Life is the member of our advisory committee.

*By Mr. Jaenicke:*

Q. Was that \$178 per acre? How much is there in a housing unit?—A. Half an acre.

*By Mr. Fleming:*

Q. In other words, you priced each of those eight parcels at \$178?—A. Yes.

Q. Can you give me the total cost of the land that was purchased, totalling about 66 acres? If you have got it— —A. I have it right here. \$19,310.45.

Q. Can you give the committee the cost of the eight houses to V.L.A.?

Mr. PROBE: Are you referring to the contract now?

Mr. FLEMING: I want the total figure. You can give us the total figure and the breakdown afterwards.

The WITNESS: \$62,235.10.

*By Mr. Fleming:*

Q. \$62,235.10 for the eight houses?—A. Yes.

Q. Does that include land?—A. No.

Q. Is that just house construction?—A. Yes.

Q. House construction only. Have you got the breakdown of that as between the eight houses according to the four plans?—A. No, I am sorry, I have not got that with me, sir.

Q. Perhaps I can help you. It appears on this return, sessional paper 1351, dated April 16, 1947. Perhaps you can check this if it is correct: two at \$7,759.36 each; two at \$7,928.57 each; two at \$7,081.95 each and two at \$8,200.54 each. That is the cost of the house only. I think those figures work out.

Mr. FRASER: It is \$9,000 on the return I have.

Mr. FLEMING: There is a question in the return as to whether the figure is \$7,081.95 or \$9,081.95. You might check that when you are covering these figures, if you like.

*By Mr. Fleming:*

Q. You gave us a total of \$62,235.10 for the houses, and that is for the house construction only; it does not include land?—A. That is right.

Q. Does it include anything for overhead?—A. Yes, that would include all the approved items of construction, and overhead was allowed of course in the cost plus contract.

Q. Does it include specifically any project overhead?

Mr. BOUCHER: Do you mean overhead to the contractor or to the Veterans' Land Act?

The WITNESS: Overhead to the contractor.

*By Mr. Fleming:*

Q. It includes overhead to the contractor, and it is included in the cost the Veterans' Land Act?—A. That is right.

Q. What about other items? Apart from the figure you have given as to the cost of the houses, does that include anything for the construction of roads? A. No.

Q. Sidewalks?—A. No.?

Q. Water connection—water mains and connections?—A. In addition to these house costs, according to the figures before me, there would be additions as follows: land \$187 . . .

Q. What is that? You gave us a figure of \$178.—A. That is a transposition; that should not be there—roads \$281, water \$163.93, grading \$285. House service charges have also been assessed against these lots in the amount of \$367.60. This figure is made up of connecting water to the house, \$142.85, driveway \$79.75 and landscaping \$145. I might say, though, that some of these figures here, whilst they are taken into account as cost, have not yet been disbursed.

*By Mr. Warren:*

Q. Might I interject a question here? Just about what amount of cash would the veteran have to pay out of his own pocket or what percentage would he be receiving from the government?

The CHAIRMAN: That is a pertinent question.

Mr. WARREN: I think so.

The WITNESS: The costs of these eight houses, the land on which they are situated, and the services which were charged to these eight houses are dealt with by the Deputy Minister of Veterans Affairs and myself under the provisions of order in council 1278 and the sale prices of these homes were established including the land, as follows: selling prices were, \$6,047, \$5,493, \$6,359, \$5,493, \$6,056, \$6,324, \$6,324. There was one other at \$6,504 of the same model as I have just mentioned for \$6,359—an additional item of \$145 in that particular house. These sale prices called for a down payment of \$600 each, and the monthly payment terms were as follows: \$27.11, \$24.34, \$28.66, \$24.34, \$29.39, \$27.15, \$28.48, \$28.48 per month respectively for twenty-five years.

Mr. WARREN: A very modest rent.

Mr. HOMUTH: The houses are worn out.

Mr. WARREN: Oh, no.

*By Mr. Fleming:*

Q. I take it that to each of these figures you have given now must be added the sum of \$1,400, which is the conditional grant, to give you the total figure?—A. When I gave you the selling price of \$7,447 inclusive in making that sale the conditional grant of \$1,400 is allowed for, and the terms payable by the veteran are based on the cost to the director less that amount of subsidy.

Q. In other words, the sale price that has been established would be—check these figures if you wish—two at \$7,723.96, two at \$7,891.96, two at \$7,455.96 and two at \$7,758.96. In the sale to the veteran the conditional grant of \$1,400 would be deducted in each case to arrive at the figures you gave Mr. Warren now?—A. Yes.



Q. Coming back to the point prior to that question, these figures you are giving on the cost of land, roads, water, grading, service charges, landscaping and so on—are those costs per house or for the group?—A. Per house.

Q. And have you figured what this aggregated per house?—A. \$916.93 per house.

Q. Let us check this again, because I understand there is some difference of opinion as to the total. Land, \$180?—A. \$187.

Q. You gave us a figure of \$178 before; which is the correct figure?—A. I am sorry, I cannot tell you whether it is \$178 or \$187. Pardon me, there is an explanation here. There is only one lot on lot 9 north. The land development costs amounted to \$907.93, which included an item of \$178 for land, while on the remaining seven lots the charges are \$916.93, consisting in part of a land cost of \$187. There is a difference of \$10 between one lot and the other seven.

Q. I want to check those figures.

*By Mr. Boucher:*

Q. You say \$916.93 for services includes the price of the land?—A. Yes.

*By Mr. Fleming:*

Q. Will you check those figures: land \$187, roads \$281, water \$163.93, grading \$295— —A. \$285.

Q. Service charges \$367.60?—A. Yes.

Q. Driveway \$79.75?—A. Connecting water to the house \$142.85, driveway \$79.75, landscaping \$145, making a total of \$367.60.

*By Mr. Warren:*

Q. Is not that taken care of in the rent that is paid over twenty-five years—those extras—by the veteran?—A. It is written into the over-all cost of the unit and benefited by the conditional grant of \$1,400.

*By Mr. Fleming:*

Q. I cannot agree with your total; I think you are about \$360 out, are you not? Land \$187, roads \$281, water \$163, grading \$235, and these various service charges \$367.60. It comes to something like \$1,300. Have you got that total? I am told, Mr. Murchison, it comes to \$1,283—not \$916.—A. That is right; it would in total. The land, roads, water and grading total \$916.93. The other item of \$367.60 would be taken into account in the cost of the house.

Q. The total figure for these items that enter into the cost of construction is \$1,283?—A. That is right.

Q. You said, in effect, that the figure of \$1,283 plus the figure previously given totalled in the case of the eight houses \$62,235; by the way, let's just reckon that up, that \$1,283 in the case of the eight houses would give you \$10,264 approximately, wouldn't it?—A. Might I check on that?

The CHAIRMAN: Just on that point, Mr. Murchison; is the \$1,283 additional to the \$963 cost; of course, that is included in the cost of \$62,235?

Mr. FLEMING: I am trying to get the accurate figure on the cost of construction and I do not think that figure is in there twice.

The CHAIRMAN: That is what he just said.

Mr. FLEMING: He should make that clear, then.

Mr. JAENICKE: Might I interject here, Mr. Chairman; Mr. Fleming said he was going to get the background from Mr. Murchison and then go into details. Maybe the other official who is here has more expert knowledge.

Mr. FLEMING: The other gentleman is not an official, he is one of the veterans.

Mr. JAENICKE: Oh, I see.

The WITNESS: I suggest, Mr. Chairman, that it might be better for the purposes of the record and to clarify some of the questions asked by Mr. Fleming if I were to be given an opportunity to give you a certified breakdown statement of the total cost of these houses. It would appear from the questions so far that the situation is none too clear.

The CHAIRMAN: Could we ask Mr. Fleming to put a direct question as to exactly what he wants so you will be able to prepare a memorandum? You will then be in a position to bring in a report giving him everything he wants.

*By Mr. Fleming:*

Q. Mr. Murchison, I want you if you will to prepare a detailed statement of all these items of cost. I want to arrive at the figure in the aggregate and at the figure per house which I think will follow quite simply from the statement you have just given; and as to the first item \$367.60, there is some suggestion that that has already been included in the cost and should not be included in here. I want to point out to you this sessional paper No. 1351, question 6, which reads: "What was the cost per unit of project overhead and how was the same made up?" Then one figure we have here is \$1,736.22 which you can see is vastly different from the figure \$916.93.—A. I do not think they refer to the same thing at all.

Q. I think you have added them together.—A. I do not think they refer to the same thing, project overhead.

The CHAIRMAN: Is that project overhead?

The WITNESS: The contractor's overhead charges into it.

The CHAIRMAN: Yes.

*By Mr. Fleming:*

Q. I want to clear that up, it is obviously not any too clear; in other words, what you are saying is this; the items which you have given total \$1,283, and they are no part of project overhead but they are items which enter into the cost of the houses and the land?—A. Yes.

Q. And the figure, \$1,736.22 indicates project overhead per house?—A. That is what they are. That is what I mean.

*By the Chairman:*

Q. Would that be included in the cost of the houses you mention?—A. Yes.

Q. It is included in the cost, it is not above the cost?—A. No.

Mr. FLEMING: You say that in each case it is included in the cost running from \$7,759.36 per house up?

The CHAIRMAN: That is right.

Mr. FLEMING: You forget that, I take it. I want to assist Mr. Murchison in clearing that up for us, and I want you to check up very closely to see whether or not your last answer is correct because apparently by this sessional paper No. 1351 I think you will see that in reply to question No. 1: costs are given as:

1. (a) 2 at \$7,759.36 each	}	Cost of house construction only
2 at 7,928.57 "		
2 at 7,081.95 "		
2 at 8,200.54 "		

So perhaps you had better not put on the record that \$1,376.26 per house as including that until you have checked on it, Mr. Murchison.

The WITNESS: Thanks very much.

Mr. JAENICKE: May we be clear as to what you mean by overhead? I do not appear to understand it.

Mr. FLEMING: Perhaps I can help my hon. friend by referring to the sessional paper which describes overhead in the following terms—

Mr. JAENICKE: Why don't you just let us have a statement of claim so that we will know what the charges are?

Mr. FLEMING: I would be very happy to file this return to the House and a couple of others. I thought the best way to proceed would be by question and answer. You see, this question was asked in the sessional paper, I refer to question No. 6, which reads:

6. Q. What was the cost per unit of project overhead and how was the same made up?

A. Average per unit at Sarnia \$1,736.22. Project overhead includes the following items: temporary buildings, salaries of staff located on the project including superintendents,—

Mr. JAENICKE: That is the V.L.A. overhead?

The WITNESS: No.

The CHAIRMAN: No, that is the contractors.

Mr. JAENICKE: I thought the contractor was \$225 overhead per unit.

The WITNESS: That is the supervision fee.

Mr. FLEMING: That is the fee after cost.

Mr. JAENICKE: Then there is nothing to be paid there, is there?

Mr. FLEMING: That is included in the cost.

Mr. JAENICKE: It is obviously included in the cost to the government.

Mr. FLEMING: Mr. Chairman, had I better continue reading how project overhead is made up. I got down as far as "superintendents"; it continues:

—accountants, bookkeepers, stenographers, timekeepers, material checkers, first aid attendant, watchman, and water boys. Miscellaneous expenses incurred at job office in direct relation to the project include travelling expenses, telegrams, and telephone calls.

I do not think they overlooked anything there.

The CHAIRMAN: No, practically everything they can think of is in that. I would like to clear up one point, if possible, relating to the cost which was given to us per unit of \$7,000-odd; did that include the contractor's overhead?

The WITNESS: Yes.

The CHAIRMAN: It does?

The WITNESS: That is what we want to make clear.

Mr. FLEMING: That is just what we want to get at, Mr. Chairman; because this return, sessional paper No. 1351, gives a very different impression.

The CHAIRMAN: Does it say in the return that the overhead is included in the cost of the house? What I want to get clear is, just what overhead, what kind of overhead is charged into these houses.

Mr. FLEMING: Answer No. 1 says, "cost of house construction only"; and for purposes of emphasis the words "house" and "only" are underscored. I take it from that that it includes only the cost of the dwelling and not the land and services.

The CHAIRMAN: That is what I want the witness to make clear to us. What portion of overhead is charged into each house?

Mr. FLEMING: The witness had better check up on that, Mr. Chairman. I simply pointed out for his assistance that when he comes to look into this that the figures given in the sessional paper appear to be quite different from those he has been giving to us here this morning. The figure here is \$1,736.22; and the sessional paper details the items which are included in overhead.



Mr. FRASER: May we find out if the management cost is included in this table on the cost of house construction here?

The CHAIRMAN: What do you mean by management cost?

Mr. FRASER: Management cost.

The CHAIRMAN: Not the overhead cost?

Mr. FRASER: No, the management cost.

Mr. PROBE: He refers to the fee of \$225.

Mr. FRASER: Is that included in that?

The WITNESS: Yes.

Mr. FRASER: Then there is cost plus; what is that based on, their cost plus the fee on each of these houses?

The WITNESS: That was cost, plus a management fee of \$225.

Mr. FLEMING: Could we leave that now, Mr. Chairman, and give the witness an opportunity of getting the facts on that and then we will not be wasting time.

Mr. GLADSTONE: Mr. Chairman, there has been so much reference to this sessional paper, do you not think it would be a good thing to have it put on the record?

Mr. FLEMING: I will be very glad to put it in, and I have a couple of others which I will also be glad to put in.

The CHAIRMAN: I do not see that there is any objection at all. The only point is that we might have from the witness at our next sitting a report giving exact details to the answers that have been put to him this morning. It seems to me that we will not be able to arrive at any exact conclusion until we get his report. For that reason I suggest that we defer further questioning on this matter until the information which has been asked for is before us.

Mr. FLEMING: That is what I was going to suggest. I think perhaps it would be just as well if I were to have this sessional paper put on the record now, sessional paper No. 1351, dated April 16, 1947.

Sessional paper No. 1351—Appendix A.

Mr. WARREN: Mr. Chairman, may I ask if time is being taken up on complaints based on the tearful, weepy story that was given in a speech by Mr. Murphy in the House of Commons with respect to eight houses out of the thousands of houses that have been built under the V.L.A.?

Mr. HOMUTH: Well now, Mr. Chairman; we don't want anything like that. We are not going to stand for a thing of that kind—

The CHAIRMAN: Mr. Homuth, at least let the member speak; you can speak afterwards.

Mr. HOMUTH: Well, Mr. Chairman, if Mr. Warren is going to get up and make a speech on this subject, well, everybody here is going to do the same thing.

The CHAIRMAN: That is not the point. Mr. Warren has the floor, and I propose to let him continue. You can say whatever you have to say after he has finished. What you are doing may be good tactics or policy in the House of Commons, but it is not in this committee. In this committee when a member has the floor he is not going to be shouted down.

All right, Mr. Warren, will you continue?

Mr. WARREN: Does this thing all rise out of the complaints of the veterans there at Sarnia? If anyone here wants to go into that sort of thing all they have to do is to go out the Merivale road and look at the 400-odd families who have been located out there. I was out and I had a look at them. The houses there were built in what looked like a bog-hole when I saw it last summer.

Mr. FLEMING: Mr. Chairman, I object on a point of order.

The CHAIRMAN: What is the point of order?

Mr. FLEMING: Mr. Chairman, we have a definite agenda set for this committee which was determined by the committee. The agenda was to inquire into the V.L.A. operation in Sarnia township, Lambton county, in particular.

Mr. WARREN: I am not going back to that.

Mr. FLEMING: My second point is this; it has been the rule followed in this committee from the outset that comments be reserved until the close of questions. At the moment we are on questions. Mr. Warren is not asking a question.

The CHAIRMAN: Mr. Warren was asking a question as to whether—

—Mr. FLEMING: But that is not a question directed to the witness.

The CHAIRMAN:—whether we were considering the eight houses or whether we were going into the whole field of V.L.A. construction.

Mr. HOMUTH: Now, I rise to a point of order. Mr. Warren said nothing of the kind. Mr. Warren got up and asked if we were going to deliberate on the type of weepy speech made by Mr. Murphy in the House.

The CHAIRMAN: Don't you think we have given enough time to this?

Mr. MURPHY: On a point of order, Mr. Chairman; I object to the statement made by the hon. member (Mr. Warren) regarding the speech I made in the House of Commons. He will find that the complaints in my speech apply to over 90 per cent of the V.L.A. homes.

The CHAIRMAN: You mean you object to the use of the word "weepy"?

Mr. MURPHY: I do. I think that speech applied to over 90 per cent of the houses constructed by V.L.A. throughout Canada.

The CHAIRMAN: Mr. Warren, could we come to the point of your remarks?

Mr. WARREN: Well, in that connection, I just wanted to point out that in my opinion there would be many other houses which will also have to be considered.

Mr. FLEMING: That is not the question.

The CHAIRMAN: Well, I haven't heard all he had to say, so I do not know whether it is a question or not.

Mr. FLEMING: It is not a question.

Mr. WARREN: For example, there is the case of the door that didn't work.

Mr. HOMUTH: What is the question?

Mr. WARREN: There are a lot of these houses which are unsatisfactory and on which they are having to do a lot of repair work already.

Mr. FLEMING: That is not a question, is it?

Mr. WARREN: Well, I don't know what you'd call it if it isn't.

Mr. FLEMING: Mr. Chairman, may we proceed with the questions called for this morning?

The CHAIRMAN: Yes.

*By Mr. Fleming:*

Q. Now, Mr. Murchison, I want to get down to the matter of your experience with the veterans who purchased these houses. I understand you to say that the veterans to whom these houses were allotted entered into occupation around December last?—A. Yes.

Q. Were the contracts signed at that time with them?—A. If my memory is right there were only two.

Q. Only two out of eight signed contracts?—A. Yes.

Q. Is it not rather unusual for occupation to be taken by the veteran without the signing of a contract?—A. It has been quite common practice in our construction because we have had a great deal of pressure all over Canada from veterans demanding access to these houses the moment they are habitable rather than when they were fully completed; and in some cases, ill-advisedly as it turns out, we gave way to that pressure and allowed a good many veterans to get occupation of these homes before they were fully completed. That did not simplify the completion of the house but it did give the veteran plenty of opportunity to submit everything to a minute inspection and to voice his complaints as to what he found wrong here and there.

Q. You would not deny to the veteran the right to make a minute inspection of the house for which he was going to pay—A. Not at all.

*By Mr. Stuart (Charlotte):*

Q. Did the veteran sign this agreement of his own free will and accord?—

A. Absolutely.

Q. He knew what he was getting?—A. He inspected it before he went in.

Q. And he signed the contract of his own free will and accord—A. If he has signed.

Q. I mean, if he did.—A. Yes.

*By Mr. Fleming:*

Q. Are you sure that even two contracts were signed?—A. Yes—I am not sure.

Q. Perhaps you will check that up also. You are speaking as though you are under the impression that two contracts were signed.—A. They may not have been signed the day they went in. It is my information that there were two veterans on contract, who had signed contracts.

Q. All right, let us stick to that for the moment. Have contracts ever been signed by the others?—A. No.

Q. Did the veterans who went in refuse to sign contracts?—A. Yes.

Q. Did they give reasons for the refusal?—A. They criticized the quality of construction and the price.

Q. They criticized the poor quality of construction and the price, and then I take it they refused to sign contracts?—A. That is right.

Q. And that situation has persisted ever since they refused to sign the contracts?—A. I believe so.

Q. Whatever the reason, they were not signed; were they completed in the sense of performance according to the terms of the contract; had the veterans paid the additional amount of \$600 down?—A. No.

Q. I take it then that the situation as to the two cases is that you think that contracts were signed, but if they were signed the veterans refused to make any further payments?—A. I would have to check on that.

Q. Could you give the veterans' reasons for refusal to make payments?—A. The only answer I can give to that would be with respect to the four or five who would not sign contracts.

Q. I am speaking now about the two who did.—A. I would have to check to make sure that they are not making their monthly payments.

Q. You are not sure about that so we had better leave it until you have an opportunity of looking into it.—A. Yes.

Q. I would like you also to be prepared to produce any correspondence or documents in your departmental files relating to these eight houses and relating to the efforts to obtain equalized contracts, and the correspondence you have had since with veterans, if any, as to their reasons for non-payment or refusal to sign contracts. What have you done in the light of these complaints from veterans?—A. We have undertaken a very close survey by experts of the



deficiencies or the defects in construction, and the work has been carried out and is very close to completion.

*By Mr. Stuart (Charlotte):*

Q. Might I ask you a question or two there, Mr. Murchison, as to the six veterans who have not signed contracts; has there been any pressure on the veteran to sign a contract for these houses?—A. No, he can move out to-morrow if he wishes.

Q. He can move out any time if he wishes?—A. Yes.

Q. He has not got to sign the contract?—A. No.

Mr. FLEMING: Have you asked a veteran to move out in those cases?

The WITNESS: I could not say as to that point in recent weeks, but we are at the point of having completed all defects which we have been able to identify and we feel the time has arrived where these veterans should either purchase the homes or pay reasonable rent for their occupancy, or move out.

Some Hon. MEMBERS: Hear, hear.

Mr. JAENICKE: They have not paid anything on them?

The WITNESS: No.

Mr. JAENICKE: How long have they been in?

Mr. GOLDING: Since about December 1946.

*By Mr. Fleming:*

Q. Did you make similar demands on them before the payments were made?—A. I think there was a request to each of them to sign their purchase agreements on the assurance that all defects that were noted would be taken care of by the department without any increase of the sale price.

Q. Was that done by letter?—A. I could not say whether it was done by letter in this case or by interviews.

Q. Well I suggest, Mr. Murchison, if there are any letters or memoranda of any kind that you produce them so we can see them. You can check your information on that and we will have more than an impression on it.

Now when did you decide you were going to undertake repairs? You say at some stage you undertook to make repairs and that the repairs are about completed.—A. Just bear with me a moment while I look this up. A detailed inspection was made of these houses either late in December or early in January of this year.

Q. That is just after the time you told us earlier that the houses were completed?—A. Yes.

Q. Yes, and at whose request or instigation was that inspection made?—A. At the request of our district superintendent at Toronto.

Q. And did he act on anybody's request?—A. He was under general instructions from me to see to it that defects in any and all of these houses were corrected just as quickly as it could be undertaken. We anticipated in every one of these houses that there would be certain adjustments required, depending on the standards of labour employed and the standards of materials required. We knew as soon as these houses were heated that some defection would occur and it was just a matter of departmental policy that these corrections be looked after as quickly as possible. That was the general instruction to our superintendents and it applied to an equal degree to these houses in Sarnia.

Q. Do you mean to say in these cases you acted in advance of the complaints from veterans?—A. I would not say whether it was before or just after, but it was shortly after the veteran went into occupation of the house.

Mr. BEAUDRY: Mr. Murchison, I would infer from one of your earlier answers, that due to pressure it did happen in some cases through anxiety on the part of the prospective tenants or owners, that they entered the houses when it was uninhabitable or when it was not fully finished, but your standards had to be complied with?

The WITNESS: Yes.

*By Mr. Fleming:*

Q. What you say in a general way regarding the standards applying all across Canada you would undertake to apply to these houses?—A. Yes.

Q. You said these houses were completed in December, 1946. That was your statement earlier this morning, that they were completed in December, 1946?

Mr. GLADSTONE: He said they were mostly completed in December, 1946.

*By Mr. Fleming:*

Q. He said they were completed in December, 1946.—A. Anyone who knows anything about construction, knows that a new house may be ready to move into, but when it is heated, and if the house is absolutely green, there are bound to be certain adjustments necessary, but in the meantime the house is quite habitable.

Q. If you are going to speak about these houses and not apply to them the same reference to your general experience across Canada, I want to be quite clear on it. I doubt in the light of some of your answers that you are prepared to be very definite about what you are describing applying to these houses. If there is any doubt in your mind I suggest you leave it and we will take it up in another meeting.

The CHAIRMAN: That is also a comment of the same nature the other members were making a moment ago.

Some Hon. MEMBERS: Hear, hear.

Mr. FLEMING: I think we have had a number of suggestions of this kind.

The CHAIRMAN: You are doing it now, and that is what the other people did a moment ago.

Mr. FLEMING: Very well, but we can tell the witness what we are requesting in the way of further information.

The CHAIRMAN: This doubt you express as to whether the witness should be able to answer or not is just a comment of the same nature to which you objected from other members.

Mr. BOUCHER: He made it as a suggestion but, in fact, it is a question.

Mr. FLEMING: The witness has made two answers not in harmony and I suggest to him before he becomes too positive that he should check.

*By Mr. Burton:*

Q. Mr. Chairman, may I be allowed to ask a question to clear up something in my mind regarding an answer given by Mr. Murchison. These houses as you stated previously were completed in December of 1946?—A. That is right.

Q. By that do you mean your departmental inspector or whoever was in charge had inspected and was prepared to make a settlement with the contractor on the contract?—A. He was not prepared to O.K. the final progress payment on the contract but I believe he was prepared to accept the house as being completed within the terms of the contract.

Q. That was in December?—A. Yes.

Q. That was what you had in mind when you said the houses were completed?—A. That is right.

Q. Then what was the reservation your inspector had?—A. The same reservation as we will have in all contracts. You like to hold a little bit back for hidden defects.

Q. That the contractor would be responsible for?—A. Yes.

The CHAIRMAN: Usually for a period of a month or two or three months before the final payment is made. That is in all government contracts as well as in many private contracts.

The WITNESS: Yes.

*By Mr. Fleming:*

Q. When was the last progress payment made to the contractor?—A. I could not give you the date.

Q. I would ask you to get that date if you will. Now in coming back with this additional information there is one thing I would want you to be quite clear upon, if you will, Mr. Murchison, and that is the date on which the decision was taken to undertake the repair work. I am going to suggest to you—

Mr. RINFRET: Do not suggest.

Mr. FLEMING: It is a perfectly proper form of questioning as Mr. Rinfret well knows.

*By Mr. Fleming:*

Q. You are going to get us the dates of the final progress payments and the report you referred to in reply to Mr. Burton's question made in December that preceded what you would call the completion of the houses in that month, and I think it would be well if you would complete that picture by giving us the dates of the payments all the way through, the dates of the progress reports indicating when payment was made in each case. Now I want to ask you some general questions, and one is suggested in part by Mr. Warren's question earlier, as to your experience with regard to costs and the degree of satisfaction that you had from the construction of the houses here. Did that degree of satisfaction compare favourably or unfavourably with your experiences generally elsewhere? Do you call this an extraordinary case in your experience under the Veterans' Land Act?—A. Yes I would, sir.

Q. You say this is particularly bad?—A. This was particularly expensive.

Q. Particularly expensive? Have you any reasons to give?—A. Delays in getting the necessary labour on the job by the contractor; delays in getting deliveries of materials; construction during winter conditions; and I will frankly concede in my judgment there was some lack of supervision on the part of the contractor and some lack of supervision on the part of our own people, the inspectors.

Mr. GOLDING: How did you find wages in Windsor district, compared with other districts?

Mr. FLEMING: Sarnia.

Mr. GOLDING: Yes, Sarnia.

The WITNESS: I cannot give a precise answer on that, but we were obliged to pay standard labour rates as authorized by the Wartime Labour Board.

Mr. GOLDING: There is a difference in wages in various districts.

Mr. PROBE: It might be better to get that by a table of the representative wages in the different districts.

Mr. FLEMING: Are you saying the labour costs in Sarnia are higher?

Mr. GOLDING: He is not saying that, I am suggesting it.



*By Mr. Fleming:*

Q. I want to get Mr. Murchison's comment. Are wages in Sarnia higher than in some of the areas where you have had construction work?—A. I would not say the rates were higher but there might be a difference in the efficiency of people who draw the same pay.

Mr. BURTON: There would also be a difference as to the amount of labour available in different places?

he WITNESS: That has been a difficulty that we have been faced with during the last two or three years, but everyone faces that difficulty.

*By Mr. Fleming:*

Q. Well Mr. Murchison, did you give any other contracts to the same contractor?—A. Yes, the same firm built one hundred houses in the Windsor area and eight at Chatham.

Q. What was your experience then in comparison?—A. They were less expensive.

Q. Less expensive. Would there be anything attributable to the selection of the site in explanation?—A. No, there was not.

Q. Did you give any contracts to this firm after December, 1946?—A. No.

Q. And what do you say about your experience with the other houses, in the light of your experience on the Sarnia township job?—A. That is a question I must be very careful in answering sir. We have not made final financial settlement with this contractor and I must be very careful as to what I say at this stage, in a public meeting, because there may be some litigation on these points before it is cleared up, and for that reason I wish to be excused from making any definite statement.

Q. I do not want you to say anything that is going to prove embarrassing to yourself or to the government if there is going to be litigation. You indicated a moment ago that you thought some blame attached to the officials of your department or to your own inspectors here.—A. Yes.

Q. I take it there was failure on their part to detect and report defects, is that what you mean?—A. Yes, they accepted work they probably should not have accepted.

Mr. WARREN: On that point, if you are putting in concrete in the winter-time it may look perfect but, as has been said, when you heat up the house, or even when spring comes, defects will perhaps show up.

Mr. HOMUTH: Good contractors can pour concrete anytime of the year.

Mr. FLEMING: Well Mr. Chairman, I would like to carry on.

Mr. HOMUTH: Even in forty below zero weather.

The CHAIRMAN: Order, order.

*By Mr. Fleming:*

Q. Continuing the questions, I would like to pick up the story again at the point where you spoke about the repair work being undertaken this year, in 1947. Now you are going to check up more fully on the date when that was decided upon and what led up to it. To follow that up, you did undertake work to put these places in proper condition did you not?—A. Yes.

Q. Was that done by contract?—A. I believe some of it was corrected by the prime contractor but mainly it was undertaken by contract labour under the supervision of a practical builder whom we engaged to supervise the work.

Q. When it was undertaken the department carried out the work itself?—A. The major part.

Q. In the case of the work done by the contractor was any charge made for that, or did he do that as part of the price?—A. He did that as part of the price according to my understanding.

Q. Are you in a position to give us the breakdown between the work the contractor did and the work undertaken by the department?—A. No, I have not got those details with me.

Q. Have you the amount of the cost to date of the work done by the department on these houses?—A. Approximately \$770 per house.

Q. Approximately \$770 per house,—that is roughly \$6,000 in the aggregate?—A. About that.

Q. Does that represent progress payments to date, the complete cost?—A. That represents a firm estimate on the completed cost.

Q. A firm estimate on the complete cost made by whom?—A. Our construction superintendent.

Q. Made by your construction superintendent, and how close to completion is he on the various houses?—A. According to my most recent information I believe the work, with the exception of the drainage of the project, that is the installation of new tile drains, is approximately 95 per cent complete.

Q. And when do you expect the balance to be completed?—A. Just as quickly as the work can be carried out.

Q. Are you in a position to say what type of work was done, to give a physical description?—A. Well there was a great deal of work done on the concrete floors, on the taping of the wallboard, on the adjusting of the doors, and I believe there was some work done on the furnaces. I believe there was considerable work done on the concrete floor slabs and probably some painting, a good deal of painting, carried out under expert supervision.

Q. Is that painting in addition to the original paint?—A. Yes.

Q. Repainting?—A. Yes.

Q. And all that is within a matter of six months of the alleged completion of the houses?—A. Yes.

*By Mr. Jaenicke:*

Q. And the department paid for that?—A. Yes.

Q. Would not the contractor be liable for that if it needs painting already?

A. That is the point upon which we may have some serious negotiations.

Q. That would be faulty paint?—A. Not necessarily because in construction using dry wallboard which requires taping at the joints and corners, if there is any shrinkage at the corners it breaks the taping and therefore destroys interior decoration. It must be either painted over or renewed.

Mr. FRASER: The shrinkage of the wallboard and the floors occurred owing to the fact that green lumber was allowed to be used in the construction of the houses?

The WITNESS: Green lumber, and some inefficiency of the labour employed on the job.

Mr. FRASER: Well does your department, in all these buildings, allow the use of green lumber?

The WITNESS: We are in the position of using whatever is available.

Mr. FRASER: A contractor should never use green lumber.

Mr. BRADETTE: Houses would never be built at all.

Mr. FRASER: Yes, lumber can be cut and kiln dried in forty-eight hours.

Mr. FLEMING: Mr. Chairman, may I come back to my questions?

Mr. GOLDING: It has just got to be used.

Mr. WARREN: If there is going to be an argument on that I will give you an example.

Mr. FLEMING: I can see that we are going to have a lot of difference of opinion among the experts in this room.

*By Mr. Fleming:*

Q. Mr. Chairman, in my last question I used the wrong date. I said all this had occurred within six months of completion but actually we are talking now of a period after the completion of this work which amounts to only two or three months?—A. Yes.

Q. Now you did not mention any pumping in these additional costs. Did you include anything for pumping? I understand there was some sump pumping?—A. Yes, there was an error in judgment somewhere in the excavation of the basement for these houses. This particular land has a water-table very close to the surface. The foundations were excavated on an average of fifteen inches too deep and as a consequence there was a tremendous water pressure developed on those basements and a good deal of pumping became necessary. The only way that can be corrected, and it is under way at the present time, is to put in drainage on the project which will relieve the water pressure on the basement. A fully qualified drainage engineer is preparing plans. We know exactly what is to be done. The work would have been under way before this had it not been for the exceptionally wet spring but the plan has been developed and it is under way.

*By Mr. Jaenicke:*

Q. Whose mistake was it? Who made the mistake in connection with the basements?—A. I do not want to do any naming but it might have been the contractor who was responsible under this contract but it is probable that our building inspector or engineer must assume some of the responsibility, because he was there and he saw the basement excavated.

Q. Did the contractor contract to supervise the excavation of the basement?—A. No.

*By Mr. Homuth:*

Q. The cost of the drainage then, will be in excess of all other costs you have mentioned?—A. It will not be charged to the veterans.

Q. I am not asking that, it will be charged to the project?—A. That is right.

Q. Over and above what has already been charged?—A. That is right.

Q. Have you any estimate of the cost?—A. About \$2,500.

Q. For the whole project?—A. Yes.

MR. GLADSTONE: How high is this land above the river level?

THE WITNESS: I could not say as to that. It conforms to the general level of the land around Sarnia, which is not high above the level of the river.

MR. JAENICKE: When were the basements dug?

THE WITNESS: In the summer of 1945.

MR. JAENICKE: Would the water not show up as that was being done?

THE WITNESS: Apparently not, they were dug in the driest part of the year.

*By Mr. Fleming:*

Q. Is it not customary in cases of this kind, a project of eight houses, to have some survey of the water-table in advance, by the contractor?—A. Yes, I would say a good contractor would do that.

Q. Was that done here?—A. I would say evidently not.

Q. As far as you know was any check made on what he had done in that respect before the basement floors were laid?—A. I can only assume his work was inspected by the building inspector who was assigned to the project.

Q. You are saying, in effect, that the building inspector should have checked on that and should have caught it before it went any further?—A. Well of course if the grounds were dry, we are speaking about a condition that may



or may not have existed over two years ago, but if the basements were excavated and no water showed, I doubt very much whether any local building inspector would say the work was unsatisfactory.

Q. I am speaking about your departmental inspector when I talk of the building inspector?—A. Yes.

Q. Is that building inspector still with your department?—A. No.

Q. When did he leave?

Mr. GLADSTONS: Where does he live?

The WITNESS: I could not tell you.

Mr. FLEMING: I say when did he leave?

Mr. GLADSTONE: Where did he reside?

The WITNESS: I cannot answer that without searching our records. We have had about 95 per cent turnover in our construction staff.

Mr. HOMUTH: According to this project you should have had.

*By Mr. Fleming:*

Q. I would like to complete these questions if I can. This estimate you have given now of \$2,500 for pumping— —A. No, that is for drainage.

Q. For drainage. When completed will it provide these dwellings with dry cellars?—A. That is the purpose of it but I do not guarantee a dry basement anywhere.

Q. Maybe there are degrees, but in this particular case you obviously have undertaken something at government expense because you think the cellars were not properly constructed. Now are you telling the committee that, in your opinion, this \$2,500 expenditure will leave those cellars in good condition, or are you contemplating the possibility of further expenditure, government expenditure, on them?—A. I am depending on the expert advice on which this drainage plan is based. By the way the plan comes from the head of the drainage department at Guelph College.

Q. Now will you, with the other documents, produce the report of the engineer and his plan, Mr. Murchison?

When was any complaint first made by your department to the contractor about the houses,—that would include the cellars and other things which have been the subject of expenditure by the government and necessitate repair work?—A. It would be during January or February of this year.

Q. Yes, and can you give us the gist of what passed between your department and the contractor from that time on?—A. No. I have no correspondence of that nature with me.

Q. Was there any correspondence with the contractor?—A. I have none with me.

Q. Who would have if you do not?—A. The district office in Toronto, or the regional office in Windsor. I could search our files to see if there are any letters on that subject.

Q. You could get your files from the district office with any correspondence from the director?—A. Yes.

Q. Would you do that please?

Mr. GLADSTONE: The trouble with the doors and floors and walls would be mostly due to the green lumber.

Mr. HOMUTH: The floors were not made of lumber, they were made of cement.

The WITNESS: The framework of the house caused trouble due to unseasoned lumber. The basement trouble was due to water pressure but I do not think there was anything wrong with the quality of the cement.

Mr. PROBE: Were they water-proofed on the outside?

Mr. FLEMING: Mr. Chairman, I think we can leave the rest of the questions until we can get the documents.

*By Mr. Rinfret:*

Q. Did you have many applications for these eight houses from veterans?—A. I could not answer that question because there are a great many veterans in Sarnia, like many other citizens, who are sorely in need of housing. It would be a guess on my part to say there would be probably one hundred veterans in Sarnia in need of houses of this class. There were only eight houses available and our standard procedure was to screen the applications and allocate houses to the veterans, who had the qualifications under the Act, having the greatest obvious need.

Q. Would you say these eight people were the lucky ones out of the number?—A. I would say so.

Mr. FLEMING: Lucky?

Mr. RINFRET: Would you find that out and bring it to the committee, and will you also find out how many veterans have applications in at the present time and who would gladly take the places of those eight veterans.

Mr. BOUCHER: You mean occupying the houses without paying any rent?

Mr. PROBE: Mr. Chairman, I would like to ask a question of Mr. Murchison, a question or two, supplementing those already asked.

*By Mr. Probe:*

Q. What are the factors considered by your department in the selection of the site for building? I believe, in my lay mind, that not enough emphasis has been put on that feature of the discussion, and possibly there is something wrong with the site at Sarnia. What features decide your purchase of land for building?—A. Well, for a project of this kind location is of paramount importance; that is, location relative to prospective employment. A small holding nine or ten miles out in the country where a man must depend on outside employment for most of his income becomes more or less meaningless, whereas if you located him on the fringe area of a large employment centre then location, of course, is a very important factor.

Q. I am not very familiar with your places here in this part of the country as to what constitutes a proper building site, and that is why I would like to know—drainage is a factor, did you take that into consideration in connection with the site at all?—A. Oh, yes.

Q. Well, is this land—for which you paid nearly \$300 an acre—a very considerable amount of it, 66 acres—located in a swampy area, a marsh, or is it level country there?—A. It is quite flat, like the land in that area. It is flat.

Q. And this land has not been let free to build in the past because of what might be unsuitable conditions for building?—A. This was farm land.

Q. Oh, it was farm land?—A. This is outside of the city limits of Sarnia.

Q. Well, there is another project, the Deschenes road project out here. I visited it and many of the features of the Sarnia project which are being discussed here are applicable to the Deschenes road project as well, as you perhaps know. What was the reason given by the architect or the builders, what was their attitude, what was the reason they built in an area of this kind; and, what precautions are taken in a case of this kind to make sure you have sound footings and underpinnings, foundation; what is the usual procedure here after you have selected a site to guarantee suitable conditions; what are the preliminary precautions taken?—A. I am afraid that I should have to call in an engineer to answer that for you. I am not a construction man.

Q. There is no preliminary drainage—or what preliminary drainage was there to overcome the difficulties that have been encountered with respect to the foundations of these buildings; I presume some precautions would be taken?—A. Yes, I would think so.

Q. And that was not taken into consideration by your inspector?—A. Not on that project.

Q. And apparently I think it was not in the case of this other one on the Deschenes road.—A. Well, definitely the Deschenes road project needs some additional drainage and provision has been made to provide it.

Q. To my inexperienced eye there is a portion of the Deschenes road project that I would not have selected for building on. Some of it looks all right but some of it seems to be definitely on swampy ground and swampy ground to my mind is not suitable for building on. Can you drain it at a reasonable cost?—A. We believe so.

Q. Let us revert for a moment to the contractor and his qualifications; what experience has this particular firm had—the Ryan Construction Company I think you called them?—A. The Ryan Home Builders, of Windsor.

Q. What qualifications did they have for doing a job of this importance?—A. I believe they built a great many wartime houses in Windsor.

Q. With reasonable satisfaction?—A. I believe so.

Q. I know that in building there is not 100 per cent satisfaction, and they work under difficulties. I presume that this supplementary contract referred to by Mr. Fleming as having been given to the Ryan Construction Company—to build 108 or 100-odd other houses—was given to them before it was recognized by your department that they had through some circumstances done an inefficient job?—A. Yes.

Q. I see. We can't blame you on that score then. With respect then to the cost, which to me seems very high for all of these projects as compared with a similar one in my own city where we seem to be having reasonable satisfaction—I refer to Regina—when you let a contract did you indicate to the contractor where or at what price he is to acquire the materials which he uses, since it is cost plus work; it would seem to me that as business people you are going to give certain specific instructions as to the basis on which materials are acquired.—A. That was done even in this case. I might say for the information of the committee that during 1944 after considerable difficulty I was able to proceed with the free purchase of some 20,000,000 feet of lumber.

Q. This was stock-piled by the V.L.A. or the board?—A. It was stock-piled by the dealers. And the lumber which went into this project at Sarnia was shipped from the firm of Hill, Clark & Francis of New Liskeard, to their local agent at Sarnia or Windsor at a price which was in keeping with the price which we contracted to buy the lumber at from Hill, Clark & Francis.

Q. Is this the wholesaler about whom you are speaking now, or was it retailed?—A. Yes, I believe their local agent was allowed to take a percentage of 10 per cent.

Q. Did that not suggest that this material, the lumber portion of it, was seasoned material?—A. It was not entirely green, and it was not fully seasoned.

Q. What about the mill work, was that green stuff, or was that also previously contracted for?—A. There was no previous contract for mill work.

Q. You have the usual labour cost stipulation; that is, the going wages of the district are to be paid? You made reference to the fact that the labour on this particular job might have been—you did not say it was, but you left the inference that it was perhaps inefficient labour compared to the labour in other construction work. Would you be in a position to table the labour cost portion of each of these jobs? I believe you have it that way. I think you have a breakdown of it that way. I think I have seen it on some of my sheets.—A. I believe we can furnish copies of the payrolls.



Q. I do not want the detailed payroll, just the aggregate payroll of the craftsmen employed. I think we could well table that. I would like it for comparative purposes because I have the labour costs on construction work in the other parts of Canada.

Mr. MURPHY: There is a return to the house on that.

Mr. PROBE: Oh, there is a return to the House on that? I did not know that. If we could have that for these eight houses.

The WITNESS: I do not remember whether the labour costs at Sarnia were included in the return we made for Mr. Murphy or not. I know there were two tremendous bundles of material.

*By Mr. Probe:*

Q. Mr. Murphy says he has that. It would not be too extensive to table, I presume; and, with that, could we have the aggregate labour costs?—A. We will endeavour to get that for you.

Q. I believe for purposes which I think the committee should have in mind we should be afforded material on this to make a comparison of the cost of the homes for veterans in the various parts of the country, and I am going to ask the chairman if he will consent as appropriate to this occasion if I would ask Mr. Murchison to put on the record comparative costs for the Regina area where they have had satisfaction with V.L.A. I am not upholding Mr. Murchison. I am not criticizing him at the moment; but the figures that we are given here and other figures with which I am not familiar, they are scandalous and out of proportion with other figures which I also have.

Mr. FLEMING: There is a return to an order of the House, requested by Mr. Murphy. It bears the date of February 17, 1947—Votes and Proceedings No. 13, sessional paper No. 135L. That has attached to it the average costs for each basic floor plan in each province and gives a breakdown of the average cost in all the provinces of Canada of the houses constructed by V.L.A. under the different plans.

Mr. PROBE: That might be useful. I have not seen it.

Mr. FLEMING: There are a number of plans other than the houses built at Sarnia included in this statement so that it would not give us an immediate comparison.

The CHAIRMAN: Would it give us the actual cost or the estimated?

Mr. FLEMING: It is giving the average cost of the average basic floor plan. They are given for each of the nine provinces. It gives the average cost of construction according to each plan.

Mr. PROBE: I had specifically in mind the Regina scheme, because the Regina scheme to the best of my information and from my inspection and the comments of veterans was a satisfactory scheme on the whole, and I would like to have that for purposes of comparison.

Mr. FLEMING: Mr. Chairman, could I file this with the clerk?

The CHAIRMAN: You might file it, but we will not print it.

Mr. PROBE: I simply want from Mr. Murchison, if he would, the name of the contracting firm on the Regina project, the V.L.A. project—there was only the one to my knowledge—the details of the total final construction cost per house to the contractor: his fees for the work, because I wanted to be able to make a comparison of the two areas; any extra cost on each house paid by the V.L.A. to the contractor or paid by V.L.A. supplementary to the contractor's charges; then, also, the cost per unit of the land on which the buildings were placed; whether on acreage basis or a lot basis—provided the described for dimensions and, finally, the cost of these to the veterans. I would like to qualify that in this way; that we would stick to the four types of houses that were

used, I mean built at Sarnia, then we would not need the detail for all the houses built in Regina, we could take the average cost for houses or these particular four types, I mean similar to those built at Sarnia, and compare them with the Regina project. I think that would be of value to the committee.

The CHAIRMAN: That would enlighten the committee and give the committee a basis of comparison.

Mr. PROBE: I think comparison of that kind would be valuable at this time because there may be other cases.

The WITNESS: I will be very glad to get that for you. I have some figures here with me this morning which I might let you have in the meantime. They answer largely the questions asked by Mr. Probe. These are the average house costs by provinces and by districts across the Dominion:

Location	No. houses built	Average cost
Vancouver	576	\$5,479
Alberta	280	5,230
Saskatchewan	80	5,184
Winnipeg	240	6,166
London	223	6,475
Toronto	721	6,365
Ottawa	148	6,155
Montreal	147	6,127
Maritimes	140	6,091

Mr. FLEMING: Are these the average of floor plans used at Sarnia?

The WITNESS: No, these were about 2,600 houses built across Canada.

Mr. PROBE: I would like to have it on the four Sarnia floor-plans, and I would also like to have the Regina prices.

The WITNESS: I am not so sure that all of those four plans were used at Sarnia. I would have to check on that.

Mr. FLEMING: Let us check on that first.

*By the Chairman:*

Q. Excuse, Mr. Murchison; when you referred to house cost, do you mean just the cost of construction of the building, or do you include in that the other items of the type we were discussing this morning, the cost of developing the property?—A. I mean just what I say, Mr. Chairman; it is the cost of the houses; and that would include the cost of connecting the water or the sewer or the septic tank, as the case may be. It does not include the cost of the installation of water mains, sewer mains and things of that kind.

Mr. FLEMING: It does not include the land and these items of overhead that we have been talking about?

The WITNESS: No.

*By Mr. Homuth:*

Q. Your figures for British Columbia would, of course, not include the tremendously high cost of the repairs that are being done on those houses out there; they would not include anything of that nature?—A. None of them do.

Q. Mr. Murchison, when you started the Sarnia project you bought 66 acres of land. You used four acres of that land, what about the other 62 acres?—A. Depending on future demand, we may use all of it.

Q. And in the meantime you are just holding it?—A. We are holding it because we feel that construction costs at the present time are too high.

Q. Is it being used in any way?—A. Not in any revenue way.

Mr. GOLDING: Mr. Chairman, I think that Mr. Fleming's request is a reasonable one and one which I think should be complied with; that is, to give the costs on the same type of houses in other districts as the ones built in the Sarnia district.

The WITNESS: How far would you want to carry the comparison?

The CHAIRMAN: Right through, for the same type of house.

Mr. BOUCHER: Give us Ottawa, Regina, Montreal and a few places like that.

Mr. FLEMING: Mr. Chairman, referring to the sessional paper (No. 135L)—which you ruled should be filed and not printed; I suggest it would be of interest to the members of the committee if they could have at least the table on the last page of the return. It shows the average cost for each basic floor plan in each of the nine provinces. I think it will be a good thing for the members of the committee to have that.

The CHAIRMAN: I agree with you entirely. When I first glanced at it I just saw this long list of names in it and I did not see any reason why they should be printed. We will have the table printed.

Appendix B—table showing average cost for each basic floor plan in each province.

Mr. BURTON: Mr. Chairman, we are drawing fairly close to the time for adjournment. Mr. Murchison has been on his feet for quite a while and I suggest that he be allowed to rest for a minute, and I am going to ask Mr. Fleming if it is his intention to call Mr. Cleave as a witness; and if so, I was wondering if he would be prepared to put him on this afternoon when we resume at four o'clock. I suggest that by examination of Mr. Cleave we would have a better background to this whole matter, and then Mr. Murchison returns at a later date he could table such information as he has an opportunity to prepare for the use of the committee.

The CHAIRMAN: I think that is an excellent suggestion because I am quite sure it will take Mr. Murchison some little time to gather and prepare the material the committee has requested.

Mr. FLEMING: I agree entirely that Mr. Murchison will require some time in which to prepare the material for which we have asked. May I say for the information for members of the committee that Mr. Cleave is one of the veterans concerned. I have not met Mr. Cleave, but I understand that Mr. Cleave is here, and he has come here from Sarnia and I think he would like to get back; and if the committee would consent to hear Mr. Cleave at four o'clock this afternoon it would accommodate him.

Mr. BURTON: That is what I thought we might do when we meet at four o'clock.

*By Mr. Fraser:*

Q. There is one question I wanted to ask Mr. Murchison; do they have septic tanks in these houses?—A. Yes.

Q. Then there must have been a survey made by your department as to the drainage for these tanks before they were installed?—A. Septic tanks properly installed don't require to have drainage.

Q. You have to have weepers; if the cellars are flooded now there must be some of that sewage seeping back into those houses?—A. I am afraid you are getting a little too technical for me.

The CHAIRMAN: Are you an expert on that, Mr. Fraser?

Mr. FRASER: I am.



Mr. STUART (*Charlotte*): Would it be possible to get the figures as to the rentals charged for houses of a similar type in this area so that we could compare it with the payments these veterans make?

Mr. PROBE: This is not on a rental basis, it is a question of purchase.

Mr. STUART (*Charlotte*): I know it is a question of purchase, payable over 25 years at so much a month. Just the same I would like to get the rental charge for a similar house in the locality.

The WITNESS: I can give you some information on that.

Mr. FLEMING: And don't forget that he has to make a \$600 down payment.

Mr. STUART (*Charlotte*): I know that, but I want to know what the veteran would be charged in the way of rental for a house of a similar type in that area.

Mr. FLEMING: And, of course, you mean in the same condition as these were in when the veteran took them over.

Mr. STUART (*Charlotte*): No, not in the condition in which they were when they were taken over by the veteran; I mean for the average house of a similar type in that area.

The CHAIRMAN: Are there any other questions?

*By Mr. Stuart (Charlotte):*

Q. Have you got that available?—A. Yes.

Q. I would like to have it.—A. I am reliably informed that the rental rates for houses built by Housing Enterprises, Limited, for houses of approximately the same type as this, built at Sarnia, are \$42.50 per month for the cottage size—four rooms and bath; and \$52.50 per month for the story-and-a-half size—five rooms and bath.

*By Mr. Fleming:*

Q. From whom did you get that information?—A. From Central Mortgage and Housing Corporation.

Q. How did you come to get that?—A. I inquired for it.

Q. On your own behalf?—A. Absolutely.

Q. When did you get that information?—A. About six weeks ago.

The CHAIRMAN: If members are allowed to ask questions I think administrative officers are also allowed to inquire from other departments for information useful to them.

Mr. PROBE: I think Mr. Murchison's table was not quite complete; can he include in the statement which he is to prepare for us the cost of the land in each of these provincial projects, and the cost of developing that land?

The WITNESS: Yes, we can do that.

Mr. PROBE: I believe that should be included in the table to give the complete story, that it should be all there.

*By Mr. Murphy:*

Q. Mr. Chairman, I have just one question I would like to ask: the figures you quoted, Mr. Murchison, gives the average cost of these houses, you emphasize that is the cost of the house only?—A. That is right.

Q. That would not include project overhead?—A. No. I cannot make it any more clear than I did; it is the cost of the house and does not include the land or land development.

The CHAIRMAN: Then, in preparing your statement, would you include, for my own satisfaction as well as that of Mr. Fleming and other members, the cost of what comes under the generic term "overhead".

Mr. FLEMING: You mean "project overhead."

The CHAIRMAN: "Project overhead", yes.

We will meet again at four o'clock.

The committee adjourned at 12.55 p.m. to meet again at 4.00 p.m. this day.

### AFTERNOON SESSION

The meeting resumed at 4.00 p.m.

The CHAIRMAN: Gentlemen, we have a quorum.

Mr. HOMUTH: Just a quorum.

Mr. FLEMING: Are we going to call Mr. Cleave?

The CHAIRMAN: Yes, we have Mr. Cleave as a witness. He is from Sarnia, Ontario.

#### William Cleave, called and sworn:

*By Mr. Fleming:*

Q. I wonder if Mr. Cleave could stand over there, Mr. Chairman?

Mr. Cleave where do you reside?—A. I live at the V.L.A. project in Sarnia township.

Q. The one we were discussing this morning?—A. That is correct.

Q. Were you present this morning and did you hear the evidence of Mr. Murchison?—A. Yes sir.

Q. Are you a veteran?—A. I am.

Q. What service do you have?—A. Four and a half years, but my service was all in Canada.

Q. What age are you?—A. I will be thirty-one on November 6th.

Q. Are you married?—A. Yes.

The CHAIRMAN: Do you enjoy a veteran's preference?

The WITNESS: That is right sir.

The CHAIRMAN: Even although your service is in Canada?

The WITNESS: Yes sir.

Mr. COTE: I wonder if the witness would speak a little louder?

The WITNESS: I am sorry, gentlemen, my voice is a little weak, I realize that.

*By Mr. Fleming:*

Q. What is your present occupation, Mr. Cleave?—A. I am an accountant by trade.

Q. When were you allotted one of these houses in Sarnia township?—A. I moved in on November 12, 1946. I was allotted the house three or four days before that date.

Q. Were you told you could move in then?—A. That is right, sir.

Q. It was not a case of you rushing in before you were told the house was ready?—A. No sir.

Q. Do I take it you were told by the Veterans' Land Act people that the house was ready before you moved in?—A. I was told by Mr. Biggs, who was the veterans' officer, and he gave me the keys and told me I could move in whenever I wished.

Q. Did he tell you the house was ready?—A. Presumably, yes. They were not working on the house when I moved in.

The CHAIRMAN: Will you kindly speak a little louder?

The WITNESS: I will try.

*By Mr. Fleming:*

Q. You say they were not working on the house when you moved in?—

A. No sir.

Q. Was any work being done on the other houses after you moved in?—

A. Not until they started to repair the houses.

Q. That was this year?—A. They did some work, the contractor came back I think in the latter part of 1946 and did some minor repairs, such as painting a board here and there, or sticking a chunk of quarter-round over a crack or something like that.

Q. Did you sign a contract for the purchase of this house from the Veterans' Land Act?—A. No sir.

Q. You heard Mr. Murchison's statement that he thought two out of the eight veterans had signed contracts? Have you any knowledge of that?

The CHAIRMAN: The witness should not be able to answer for the others.

Mr. FLEMING: I think he knows.

The WITNESS: That is right.

*By Mr. Fleming:*

Q. You are not one of the two?—A. No sir, I am not.

Q. What was the reason for you not signing a contract?—A. Well the reason I did not sign is that in the first place I did not consider the houses were worth the money and there were considerable repairs required on the houses. Each time Mr. Parkinson approached us, he was the Veterans' Land Act representative from London, he told us they were going to repair the houses but he would not put it in writing.

Q. When was that?—A. That would be, oh I would say in the latter part of December.

Q. Well when you moved in I take it you did not have a contract?—

A. No sir.

Q. Did you make a payment of \$600 down?—A. That is correct. Before you could move in you had to send a certified cheque to the Department of Veterans' Affairs for \$600.

Q. And that was done?—A. That is correct.

Q. Do you know if the others did the same?—A. They were all required to.

Q. That was a matter of regulation?

The CHAIRMAN: Mr. Fleming, how can you ask questions from this witness about the others?

Mr. FLEMING: He may know.

The CHAIRMAN: Well he does not.

Mr. FLEMING: He has not said he does not know.

The CHAIRMAN: But he did not sign the other leases. He can talk for himself but he cannot talk for the others. He is not the chairman of a group and how can he know.

Mr. FLEMING: Mr. Cleave, to what extent have your affairs, that is the affairs of the eight owners in respect to the eight houses, been a matter of common discussion up there?

The WITNESS: Oh, we have talked all the time since we have been there.

Mr. JAENICKE: Just as a matter of procedure, I noticed that this witness was sworn. This is the first witness that has ever been sworn in a committee



at which I have attended and if he is going to give legal evidence he cannot give hearsay evidence. I do not know if that is the rule but why was he sworn?

The CHAIRMAN: The point is this. The witness can speak for himself but what can he know about the reasons affecting the others. You are a much better lawyer than I am Mr. Fleming, and you know in court that would not be accepted.

Mr. FLEMING: Well, Mr. Chairman, if evidence of that kind is being excluded I am bound to say this is the first time it has happened. You know these witnesses from government departments have been here from time to time—take Mr. Murchison—where he has been before us three times. We took his evidence the first time and it turned out to be all hearsay and had to be revised. He corrected it the second time. Now if you want to apply the rule, all right, but there has got to be some consistency.

The CHAIRMAN: I think it is an absolutely different thing when you ask Mr. Murchison whether he is informed on this or that at a certain time. But you should be more precise when you have a witness here who is in Mr. Cleave's position. The only idea I have is that you should ask what he knows personally. I am not trying to prevent you from asking any questions on which he has knowledge but it is not right to ask him what was the feeling of the others.

Mr. FLEMING: I did not ask him about the feeling of the others.

The CHAIRMAN: You asked him why the others refused to sign and could he answer?

Mr. FLEMING: He can if he has the knowledge.

However, let us go and we will come back to this matter again.

*By Mr. Fleming:*

Q. You have indicated the reasons you refused to sign and referred to a regulation required that there be a down payment of \$600 before you got possession. Now you got into possession in November?—A. That is right.

Q. The contractor was Ryan Home Builders Ltd. and they came back to do a little work, a little painting and so on, in December?—A. That is correct.

Q. Now when, if at all, did you first make complaint to the Veterans' Land Act about the condition of the house that had been assigned to you?—A. That is a hard question to answer, sir, because there were Veterans' Land Act representatives and inspectors—I do not know who they were—but they came through there by the hundreds after we moved in. They would come around and ask you what was wrong with the house and make notes, and the very next week there would be another gang around making notes again, but practically no action whatsoever was taken. I think to really getting down to making a complaint to the Veterans' Land Act, it is not just when the men came around, it would be at the time Mr. Parkinson contacted us to sign our contracts, which I believe was in the latter part of December.

Mr. BURTON: Would you allow me to interrupt? You do not really mean "by the hundreds"?

The WITNESS: It was over a hundred, I will bet that. Counting the workmen, the inspectors, the Veterans' Land Act representatives, and so on, who came through the house, there was well over a hundred.

The CHAIRMAN: Apparently they were very keen in making you comfortable and inquiring if you were well before you complained?

Mr. JAENICKE: Was that before you complained?

The WITNESS: No, they came quite frequently. There was somebody there practically every day of the week from the time we moved in until about roughly three weeks ago, when the workmen presumably completed the repairs,

but since then there has been nobody there that I have seen myself. My wife has mentioned there were a couple out yesterday but they did not go through the house and there has been nobody around of any account in the last three weeks. The workers left, the contractor left, and the Veterans' Land Act representatives overseeing the work left three or four weeks ago.

Mr. JAENICKE: When those workers or supervisors were going through, did you discuss with them whatever you thought was wrong in the house?

The WITNESS: We pointed out everything so many times that—well our wives were getting fed up. They got to the point of refusing to allow anybody else in. The people had no regard for the floors and came in in muddy weather, which it was all the time in the fall and spring. They never took off their rubbers or anything.

The CHAIRMAN: You say "in the fall" but you moved in in November?

The WITNESS: On November 12, 1946.

*By Mr. Fleming:*

Q. You indicated that when Mr. Parkinson came around that you made something of a formal complaint to him about the place?—A. At the time he met us there was six of us. There were only six houses occupied at the time Mr. Parkinson was there.

Q. I think you said this was December?—A. This was the latter part of December or early in January, one or the other, and one fellow refused to sign. He told Mr. Parkinson he was moving out, and Mr. Parkinson met the other five of us at one of the fellow's houses to present our contracts to us, at which time we all refused to sign except one fellow. Mr. Parkinson had contacted one of the fellows at his place of business that day and he saw the rest of us that night. The fellow whom he contacted during the day at the office signed and one of the other fellows signed that night. It was left this way. We were supposed to be given a week in which to make up our minds so we told Mr. Parkinson if we did not let him know by the following Monday, then nobody was going to sign. He was supposed to come down and see us again and present the contracts and there would be somebody to sign them. On Saturday, Mr. Murchison and Mr. Woods were going to be in Windsor, so two of us took a trip to Windsor to find out what was happening down there.

Q. Did you see them?—A. Well we did see them but we did not talk to them. They were just on an inspection tour and they had no comments to make.

Q. Excuse me, did you have a chance to tell them your story?—A. No, we did not that day sir.

Q. Yes?—A. Mr. Parkinson apparently saw our pictures in the paper on Saturday evening and he called up one of the fellows about 9 o'clock on Saturday night.

Q. When was that?—A. I think it was a Thursday night, towards the latter part of December that he presented the contracts. On the following night he called up one of the fellows and he was quite put out that we had gone to Windsor and that we were causing trouble. He told us if anyone wanted to sign our contracts we could come up to London and sign them. Consequently we went no further to notify him not to come down with the contracts on Monday and he never showed up.

The CHAIRMAN: And you did not go to London?

The WITNESS: We did not go to London, no.

Mr. FLEMING: Very well, what was the next step?

The WITNESS: I believe the next step—

The CHAIRMAN: May I ask a question there. About what period do you say you complained officially to Mr. Murchison? That is one of the questions Mr. Fleming asked?

The WITNESS: Shortly after that, within the next few days, we wrote a letter to the Minister of Veterans Affairs. Now I am not sure whether I have a copy of that letter but in that letter we pointed out our reasons for not wanting to sign the contracts, which were to the effect that when Mr. Murchison and Mr. Woods were in Windsor, they intimated to the fellows in Windsor that unless the houses were completed and the actual repairs were done they would not be asked to sign.

Mr. FLEMING: When you speak about the fellows in Windsor, you mean the men allotted to Veterans' Land Act houses on the project there?

The WITNESS: That is right, the men in Windsor. We pointed out to the Minister of Veterans Affairs and explained to him we thought we should be given the same consideration because at the time Mr. Parkinson contacted us he told us if we did not sign within a week we were to lose our back rent. We had to pay back rent from the time we moved in, and, if we did not decide to take the houses over in two or three days, that money would be lost to us. In any event we had to move on the first day of May to a rental basis. So we got a letter written back. It was written for the Minister of Veterans Affairs and the letter told us a report would be prepared and we would hear from him later. To date we have not heard an answer to that letter.

Mr. CORÉ: What were the dates of the two letters you referred to?

Mr. FLEMING: Is this the letter you refer to written on behalf of the minister Mr. Cleave?—A. This is the reply of the minister, signed by Mr. Senior, executive assistant. This letter is dated January 23, 1947, and it says:

This acknowledges letter of January 20th, addressed to the Minister of Veterans Affairs and signed by yourself and three other veterans. A report is being asked for in order that the minister may reply to your inquiry.

Q. Have you got a copy of the letter you wrote to the minister to which this is a reply?—A. I believe it is over there. No, I have it here, sir. It reads as follows:

January 20, 1947.

Sarnia, Ont.

The Minister of Veterans Affairs,  
Ottawa, Ont.

DEAR SIR: On January 15, Mr. G. H. Parkinson of your London office interviewed the occupants of the homes in the McNally-Durance subdivision of the V.L.A. project in Sarnia, Ont. He read part of a general directive from Ottawa and asked the various veterans to sign the final contracts for taking over their homes.

You no doubt are aware that there are a good many faults in these houses, largely due to poor workmanship on the part of the contractor. These particular faults have been brought to the attention of representatives of both the contractor and the government on many occasions in the past, but to date comparatively little action has been taken to remedy them.

Although Mr. Parkinson assured us that these faults would be corrected, it was felt by the undersigned that a list of the minimum repairs required for each individual house should be signed by an



authorized government official and given to the occupant as a guarantee that the work would be done. Mr. Parkinson stated that this request could not be granted.

Since that date we have been informed that Mr. Gordon Murchison, Director of V.L.A., stated to the veterans in Windsor, Ontario, that they would not be required to sign until such time as the repairs to their homes had been completed to the satisfaction of the occupant. In view of this we feel that possibly Mr. Parkinson misinterpreted the instructions from Ottawa, and that naturally, we will not be required to sign until the repairs on our houses have been completed as is the case in Windsor.

May we have the above clarified at your convenience.

Yours truly,

(sgd) S. V. ANTENBRING

(sgd) W. T. CLEAVE

(sgd) R. K. TIMS

(sgd) W. H. PICKETT

CC Mr. G. H. PARKINSON  
London, Ont.

Reply to W. T. CLEAVE  
Pt. Edward, Ont.

*By Mr. Beaudry:*

Q. Mr. Chairman, would the witness mind clearing up a point on which I am not quite clear? He mentioned a moment ago some alternatives which were discussed at the time when the contract was proffered to them. The alternatives are not clear in my mind. Would you mind telling us what they were?—A. Well, here are the alternatives; one thing we could do was to sign our contract and commence payment as of the first of February, 1947. We were told we could move out within one week at which time the \$600 down payment which we had made would be refunded to us, less any depreciation or what-you-may-call-it that had happened to the house since our occupancy. This was to be determined by the government. If we did not move out within a week we were presumably going to be charged rent from the time we went into the homes; and, in any event, we had to vacate the houses by May 1, 1947.

Q. You were going to be charged rent from the time of your original occupancy up until the first of May?—A. They didn't mention that specifically, but presumably we would be charged the rentals set by the government; and our \$600 that we had put up as a down payment would be refunded to us, less this depreciation.

Q. At what amount was this depreciation to be set?—A. The only thing that I could give you on that is that one of the fellows that signed a contract wrote a letter I think to the Minister of Veterans Affairs. I haven't a copy of the letter although I did see it—asking for a cancellation of his contract. He received a reply in which they asked him to reconsider his withdrawal and they pointed out to him that if he did get a cancellation of his contract he could be charged rent, and the rent which the government or Veterans Affairs had tentatively decided on was 7 per cent on the land and 10 per cent on the value of the house. Now, I figured that out on my house, on the value they set on the house, and it came I think to \$63 and some odd cents a month rent.

Q. But you personally had no direct information as to what the government would have asked you to pay in the form of rent?—A. No, I have no information as to what the rent would have been, aside from that.

*By Mr. Fleming:*

Q. That case you spoke of was one of the veterans who had signed a contract?—A. That is right.

*By the Chairman:*

Q. You mean 10 per cent of the payment?—A. No, that would be based on 10 per cent of the cost of the house and 7 per cent of the cost of the land.

*By Mr. Fleming:*

Q. That would bring your statement down to I think the 23rd of January, around that?—A. That is correct, sir.

Q. Just carry the issue down from that point, Mr. Cleave, in your own words, will you?

*By Mr. Case:*

Q. Might I interrupt for one moment? You say the letter was signed by yourself and four others?—A. Three others, four of us signed it.

Q. And that represented those who were having difficulties?—A. There were only six of the eight houses occupied at the time when we were approached to sign these contracts. No, there were only—there were, just before they came together and asked us to sign the contract one of the fellows had moved out and a new fellow had moved in, but that still left two vacant houses. There have been two vacant houses there all the time; outside maybe the week of overlap.

Q. That means then that this letter was signed by four of the six occupants?—A. That is right.

Mr. FLEMING: Very well then, we will just take it from then on, from the 23rd of January.

The WITNESS: I think the next step was when we got in touch with our local member, Mr. J. W. Murphy, our member of parliament.

The CHAIRMAN: About what time was that, about what date?

The WITNESS: It must have been around the first of February, around in there I guess. It was the first part of February anyway. And we presented our case to Mr. Murphy and told him what our troubles were and he kindly came out and looked at the houses himself and a couple of contractors and then he went to Ottawa and brought it up on the floor.

Mr. FLEMING: I can give you the date of his speech . . . February 4th.

The WITNESS: Well then, it must have been in the latter part of January. Only about a week or so elapsed from the time we wrote this letter.

*By Mr. Fleming:*

Q. Well, now, just to complete our information up to that point when Mr. Murphy took the case up in the House of Commons, would you give the committee a description of the defects in the houses, as you saw them?—A. Well, they are quite varied. I have a list here of some of them in my house. Water in the basement, which was discussed this morning.

Q. How much water?—A. I had two electric sump pumps running ever since the break-up. I won't say ever since the break-up. First there was a water sump pump in for one month. Then they came in and put in an electric pump and that ran right through until about, I would say, about the first week in June—both running—then one shut off, and on the 20th day of June my last pump shut off and has not been running since.

Q. Did the V.L.A. put the sump pumps in or was it the contractor?—A. No, it was done at the time they were—I mean the contractors were there.

Q. Just go on with that . . .

*By Mr. Beaudry:*

Q. You say these pumps continued to operate until some time in June of this year?—A. The 20th day of June the last one shut off. One of the pumps was running until then.

Q. Was that because there was no further need?—A. That is correct, the water level got below my basement floor then.

Q. When did the pump start operating?—A. I forget, in the spring of the year. I suppose it would be in March, I am not sure.

*By the Chairman:*

Q. And up to March your basement was not flooded?—A. That is correct. When we went into the house last fall the water level I would say was about six or eight inches below my basement floor. Right now it is about one or two inches, just below the basement floor. The floor is still damp but the water is not coming in.

Q. When you came in there was no water?—A. That is right.

Q. It just started in the spring of the year?—A. Around the time of the breakup, I presume that was in March.

*By Mr. Fleming:*

Q. How do you detect the water level?—A. Well, the sump pump is placed in a hole which is made in the basement floor and you can see the water level in that.

Q. And you can see down through the hole, can you?—A. It was there when I moved in in November but it was completely cemented in, the one they had was a water pump. It was roughly about a foot square. When they put in another electric sump pump, which they did in the spring of the year after the water started to come into the basement, they had to make a bigger pump hole. They put in a big sump pump. They tore a hole in the basement floor and the water came up like a fountain, it put about a foot of water in my basement in about fifteen minutes and they immediately rushed around to get a gasoline motor pump—I do not know what its capacity was, but it had a tremendous capacity—and started pumping the water out of my basement and it took four or five days.

Mr. BEAUDRY: I do not think the witness in answering Mr. Fleming's question as to the state of affairs which they found quite got the point Mr. Fleming was trying to make.

*By Mr. Fleming:*

Q. Could we get on with that, Mr. Cleave; can we continue with that particular set of conditions of which you complained and because of which you declined to execute a contract?—A. Yes. I am sorry I got away from that. The water was one of the things we complained about at that time.

Mr. GLADSTONE: Mr. Chairman, would it not be well now completely to cover the matter of water in the basement while they are on that point?

Mr. FLEMING: We can come back to that. I think Mr. Beaudry's point was well taken, that we should deal with conditions as they were at that time and follow it through.

Mr. STUART (*Charlotte*): Do the V.L.A. pay for the installation of the pumps?

The WITNESS: That is correct. But they did not pay the hydro bill.

*By Mr. Fleming:*

Q. Will you give us a description, outline some of the things in the way of repairs and so on that led you to refuse to sign the contract in January?—



A. The interior decoration. I do not know whether you know it or not, but the houses have been finished inside not with plaster but with plaster board, and the plaster board requires joint taping and filling, which is very poorly done, even to the nail holes—in my house they showed like someone had squirted the walls all over with oil from an oil can. It was a very bad job.

Q. And you mentioned earlier that after moving into the house after November 12, three or four days later, but after you had been allotted the house the contractor came back in 1946 at your request, did he?—A. I think it was at the request of the V.L.A. representative from London who came down, and they had asked us what our complaints were and I think he contacted the Ryan Construction Company, or the Ryan Home Builders, and had them bring some workmen back who were supposed to do this repair work.

Q. Was the type of work they were supposed to do repair work or building work?—A. It was definitely repair work, not building.

Q. Can you give us the nature of the repairs?—A. Yes. For example, the doors did not close. Another example, my bathroom sink started to come off the wall, so they took some plaster of paris and filled the crack in behind; and there were some cracks along the doorsills and they filled those with plaster of paris. There were big-headed nails driven into the hardwood flooring and they attempted to countersink them and in countersinking them split the flooring; and they puttied up cracks in the chimney. In one of the houses the kitchen cupboard has started to settle, it had settled about a half an inch or more so they moved the quarter-round—they didn't move it, they hit it with a hammer and knocked it down flush again.

The CHAIRMAN: Was that the time you moved in, around the 12th of November? About what time would that be?

The WITNESS: This would be during the latter part of December and in January, I would say.

*By Mr. Beaudry:*

Q. This would normally have been the type of work that would have been necessary and probably would have been obvious to everybody if the house had been allowed a month to settle instead of you moving in as soon as it was habitable.—A. No, sir. There were two or three of the fellows who were in those houses for a month or two months before I moved into mine. Naturally the interior decoration, and so on, was there when we moved in. That had not changed, but as to this bathroom sink I was telling you about in my house that happened after I moved in. It would not have mattered whether the house had settled for six years.

Q. When you moved in did you notice the state of the doors you complained about?—A. Yes, I noticed it. I knew some of the defects but there were other defects which I did not know. I assumed that seeing as the house was built by the government for veterans that there was not any reason for me to go and inspect every little thing minutely because we believed they were properly constructed.

*By Mr. Burton:*

Q. But you did go out and inspect the house and look it over before you went in?—A. I had been through the house.

Q. Did you notice anything then?—A. I had noticed the interior decoration was not what it should have been, but there were a lot of other things I did not look for. It was a brand new home built by the government for the veterans, and I figured they would have done a good job.

*By Mr. Beaudry:*

Q. Yet some of the defects were so obvious that you could not miss them? Take the doors, for instance?—A. Yes, the warped doors. There are two warped doors in my house which I knew were there when I moved in.

Q. You moved in under the assumption those would have to be repaired?—A. That is correct.

*By Mr. Case:*

Q. Who was with you when you made your first inspection, your preliminary inspection before you moved in? Who accompanied you?—A. No one. I merely went in to see the veterans officer in Sarnia. I told him I was interested in purchasing one of the houses. He said, "There are two vacant out there. Here are the keys. You go out and look at them." I went out and looked at them and came back and told him which house I wanted.

*By Mr. Jaenicke:*

Q. You went out and looked at them?—A. Yes.

Q. Were you then told just about what the price would be?—A. Yes. I was told then the price would be \$7,800 and some odd dollars. I was informed of the price at the time.

*By the Chairman:*

Q. After you had inspected the house?—A. That is correct.

Q. At that time you were willing to pay that for it?—A. Yes.

Mr. PROBE: May I interject at this stage? Is the witness sufficiently expert in building matters that he would be able to make anything but a superficial inspection?

The CHAIRMAN: As any new owner would.

The WITNESS: I am not a contractor or a builder, and I did not know. To-day I have a better idea of what to look for than I had then.

*By Mr. Beaudry:*

Q. I should like to ask a further question. It follows from that when you did move in you knew that some repairs had to be made?—A. That is correct. I was not even certain they would be made. About the only thing I noticed was a couple of warped doors and that the interior painting job was not what maybe ten or fifteen minutes one evening after work.

Q. But you were under no false impression; you knew you were moving in a house where some repairs were obviously needed?—A. Mr. Biggs informed me they had not come back to do any repair work, and he understood there would be minor adjustments that would be fixed up at a later date.

*By Mr. Jaenicke:*

Q. Did you notice the nails in the hardwood floors?—A. I did not, not at that time.

*By the Chairman:*

Q. You could have spent more time had you wanted to than that 15 minutes?—A. I could have spent two or three days if I had wanted to.

Q. After 15 minutes you thought you could take the house, and at that time assuming there would be repairs made you believed the price would be all right, since you took it?—A. I do not want to bring up personal affairs, but at the time I took that house this was the situation. I had been out to the

project in the middle of the summer and had looked over the homes and had a rough idea of what they were going to cost. At that time we had definitely decided we would not take one, but as it happened we were living in a two-room summer cottage with a sun porch on it which was glassed in, and it had no foundation under it. The floors were very cold, and so on. My little girl woke up one Sunday afternoon crying with pains in her legs. Naturally we were afraid of polio, which everybody thinks of. We called a doctor. The doctor came out and informed us that she had rheumatic pains. He said it was not rheumatic fever but it would definitely develop into that unless we did something about it and, of course, he recommended moving out of where we were living. I guess the housing condition is the same in Ottawa as it is in Sarnia. It was impossible to find anything else. I knew I could get one of these homes so I got it. That was my reason. Everybody else living out there took them more or less against their better judgment but they had to have houses.

*By Mr. Fleming:*

Q. You were cataloguing a number of things that you said were wrong with the house at the time of the exchange of the correspondence in January. I do not think you had finished when there were some other questions.—A. Well, the paint job and the plastering and the taking of the joints. I mentioned that. The windows have not been fitted properly into the sashes. They leaked rain in a bad wind storm. They told one of the fellows there they did not leak with storm windows on but he said, "Am I supposed to leave the storm windows on all summer"? That was one of the contractor's workmen who said that. As to my stairway they spray-painted the house inside. The stairway is boards which have been stained and varnished, but they neglected to clean off the spray spots before they varnished. Consequently I have a lot of light paint on the stairs. It looks just like the painters had moved out yesterday and did not get around to cleaning it up. It cannot be cleaned without being sanded.

Then there were the warped doors. There was plywood that was broken in one bedroom upstairs. The bathroom sink was coming off the wall. The floors were very badly done with big-headed nails showing through which naturally you cannot resand while they are showing through.

Q. What about the chimney?—A. You can hold a match up to any place practically in the chimney—I will bet in my chimney there are fifty places from the top of the house to the ground—and it will suck the flame off the match. They tell us the chimneys are lined. I do not know, but I cannot see how they would suck air if they are.

Q. What about the sub floors?—A. There is plywood in the kitchen.

*By Mr. Warren:*

Q. Before you leave the chimney, is there tile inside the chimney?—A. They tell us there is, but we cannot figure out if there is tile there how it is that it will suck air through the cracks in the mortar.

Mr. STUART (*Charlotte*): It would be easy enough to see if it is tile lined.

The WITNESS: You can climb up and see that there is a tile at the top.

*By Mr. Case:*

Q. Do you get a good draft for your furnace?—A. Yes, there is a good draft in the chimney. There is no fault with that. You were talking about the sub-flooring. There is plywood flooring in my house upstairs and in the kitchen downstairs. The sub-flooring which you can see in my kitchen is slats one by six placed twelve inches apart. I am only talking of a house similar to mine where they had to break in to get at the water pipes. They had to tear out some of the ceiling upstairs, and I saw there that it was the same sub-floor upstairs



under the plywood as there was downstairs. I presume it is the same in my home and the rest of them so far as I know, but you cannot see what is in the upstairs without tearing some of the wall or ceiling out to look at it.

*By Mr. Fleming:*

Q. Was it a full sub-flooring?—A. No, there is a full sub-floor just under two rooms in my house, but underneath the kitchen and the upstairs it is only a slat sub-flooring one by six placed twelve inches apart. That is the sub-flooring. I know when they were putting my electric range in they were drilling a hole to put a cable through and one fellow downstairs hollered up to the fellow upstairs to watch out where he put that drill or the stove would be coming down. That is what it looked like. There are boards one by six and they are twelve inches apart. That is the sub-flooring underneath the kitchen.

Q. What about the beams and joists?—A. In my house you cannot see the bathroom upstairs, but in all of the houses that have the bathrooms downstairs, which I believe is in every house except one like mine, they cut off the floor joists and put in headers when they put the plumbing in. When they put the hot air pipes through in all of the houses they cut the main beam half way in two. As you know the main beam is square. They started at the bottom corner and came out at the top corner to put in the hot air pipe which means they have taken away at least half of the support of that beam.

*By the Chairman:*

Q. You have seen that yourself?—A. Yes.

*By Mr. Fleming:*

Q. Does that complete the enumeration of the defects in your house at that time? I am speaking of January now.—A. Yes. They promised us light fixtures which we did not have.

Q. Did you not have any light fixtures?—A. No, sir, just the porcelain socket to screw the bulb in. That is all that was there. They also talked about landscaping. Of course, at that time we realized they could not landscape. Then they told us they were not going to landscape them. They had some arrangement made where they were going to give us \$140 and we could do the landscaping ourselves. I do not know anybody who has done anything with their landscaping who has got it done at that price. It will cost you \$500 or \$600 to get a place that size landscaped.

Q. You were told this morning there was a definite charge made for landscaping.

*By Mr. Burton:*

Q. Before you go on with that do you know whether your house is insulated?—A. One of the workmen told me my house has two inches of rock wool in the walls and in the ceiling. It has now. When I moved into the house I did not, of course, inspect the house to see if it was insulated. One of the other fellows looked up in the attic to see if there was any insulation and it was all piled down in the far end of the attic and had not been spread. He spread the insulation himself. He told me about it and I got up in my attic and looked in my attic.

*By the Chairman:*

Q. Try to tell us what you have seen yourself.—A. In my house?

Q. In these other houses, too, if you have seen it.—A. I saw that, too, but there was no insulation in the attic of my house up until about a month and a half ago when they did put it in.

Q. That two inches of rock wool in the ceilings and the walls was not there?—A. Presumably it was in the walls. I do not know. I have only been told by the workmen it was. It was not in the ceilings at first but it is now.

*By Mr. Burton:*

Q. Did they put that in after you had drawn it to their attention?—A. I drew it to their attention about two or three weeks after I moved in and it was put in a month ago or maybe six weeks ago.

*By Mr. Warren:*

Q. Before you get too far away from the flooring, do you mean to say all the flooring is nailed down with large headed nails or just the occasional nail here and there?—A. I do not know how the floors were laid in my house. It appears they started in the centre of the floor and there were two boards nailed down the centre of the floor with big headed nails through them all the way through my living room, through the hall and into the other room, and all the way through the other room. In the hallway as to the landing right at the bottom of the stairs there were all kinds of boards with big headed nails in them and also in other boards as well.

*By the Chairman:*

Q. Was that hardwood?—A. That is in the hardwood floors. Talking about the hardwood floors the workmen were out there and when they tried to counter-sink the nails they split all kinds of boards. There were two or three of them that were past filling so they had to replace them. The workman was out there to put in some new boards in the floor. He took out the boards and shoved his hand under the floor like this and raised the hardwood floor up like that.

*By Mr. Fleming:*

Q. You are waving your hands but that cannot go on the record. To what height could he move the floor?—A. I do not know. He pushed his arm underneath the floor and lifted it up an inch or two inches. Since then I was talking to one of the fellows who worked laying the floors. He informed me—I do not know this—at the time the floors were laid they laid five or six boards down, pushed them together with a crowbar and then nailed the last board, and then laid five or six more and pushed them together with a crowbar.

*By Mr. Burton:*

Q. Hardwood floors?—A. Yes.

*By Mr. Fleming:*

Q. I asked about the septic tank.—A. My septic tank shortly after I moved in stopped operating. Of course, the breather pipe off the tank is in my front lawn, and it started to overflow in my front yard. I could not have that so I went into town and I saw the veterans officer. He said, "The best thing you can do is to get a plumber to fix it and see about getting the bill paid afterwards". I went down to a plumber and had him come out and fix the septic tank. At the time he took it up he found that tank was tipped the wrong way. It was tipped towards the house instead of away from the house, and that some of the insulation off some of the BX cable they were using in the wiring had got down when the workmen were there and plugged it.

Q. What did you do about the bill for the plumbing?—A. I was not going to say that, but at the time I told them it was a V.L.A. house and presumably the V.L.A. was going to pay for it, but anyway they had to have an order from me. I signed the order for the bill or, at least, for the work to be done. I think

the bill amounted to \$18 and some odd cents so I asked them to send three copies of the bill to the Veterans' Land Act, the Department of Veterans' Land Act in London which they did. I have not asked them within the last week or three weeks but I know up until a month ago that bill had not been paid yet. That was, I believe, the first part of December it was dug up.

Q. You have given a description of the house in January when that letter was written by yourself and the three other owners—that letter should not have been taken away?—A. It was written I believe on January 20th.

Q. Did you have occasion to see with your own eyes the condition of the other houses in this group of eight at the same time?—A. Yes, sir, I have been through the others many times.

Q. Will you describe the conditions of these other houses at that time, still late in January?—A. Now, the houses, the faults in my house are general for all the houses except there are some odd ones in the others. There is one house next door to me and the rain leaks in the top window and runs down on the wall. Apparently they left the tin flashing out of the top of the window.

*By Mr. Gladstone:*

Q. Is there a house number there?—A. No, sir, we are living out in the country. The houses are numbered from one to eight and I live in house No. 7.

Mr. HOMUTH: Swamp No. 1 Sarnia Township.

*By Mr. Burton:*

Q. You said you had been in all the houses?—A. Yes, I have been through them all.

Q. Are you here to-day representing the others? Did you have any discussion with them and did they ask you to speak on their behalf?—A. They were not—I did not get the notification in time to even get around and see all the fellows. I did talk to them all except one and tell them I was coming down to Ottawa. We have talked so much about this. They knew I was pretty familiar with the faults in the houses. I did not get any authority from them to talk for them, no.

*By the Chairman:*

Q. You have visited the houses yourself?—A. I have been in the houses many times.

Q. I think Mr. Gladstone's question was directed towards asking you to speak of the houses by number?—A. My own house is house No. 7.

*By Mr. Fleming:*

Q. The one you mentioned, the house next door?—A. House No. 8, which is the one next door to me has practically all the same faults as mine. They won't have the loose bathroom sink. Their water situation of course which is not supposed to be in here, is the same as mine. Their walls were the same; their floors were the same and they have this one window which leaks at the top with any kind of rainstorm that comes from that direction. Their bathroom tub—apparently the workmen stood on the edge of it with hobnailed boots while they were putting on the plaster board in the bathroom. It is terribly scratched. There are no light fixtures there, of course. The seams in the wall show through.

*By Mr. Gladstone:*

Q. What do you say about the roof?—A. The roof of the house, the roofs are asphalt shingle. I am not sure of the weight but I do not imagine they are 210 pounds a square, because during the war I do not believe that was available but they are asphalt shingles. They look to be fairly good shingles.



Q. Any trouble with leaks at all?—A. There has been no leaking roof so far. We had quite a severe wind storm in the spring of this year. Those shingles were put on in the summer time and should have been cemented down by now. We had quite a wind storm in the spring of the year and the shingles on every house except one—this house happened to be sitting the other way to the wind—the shingles on every house except one turned up. This one house had a line all the way across the roof on one side of shingles turned up and mine had only a few shingles across the top peak turned up, but every house has shingles turned up except the one.

Q. Did they remain turned up?—A. No, they came back down.

*By Mr. Warren:*

Q. Were the shingles put on in the cold weather?—A. No, they were put on in the hot weather and should have been cemented down by now.

*By Mr. Fleming:*

Q. Would you just complete your review of the houses?

*By Mr. Gladstone:*

Q. Any trouble with the septic tank in the house next door?—A. No, they have had no trouble with the septic tank. In house No. 6, their upstairs window leaked water. The water pours under the front door, which they were supposed to fix. The other day I had occasion to be in the house and the house was flooded. It has ruined the hardwood flooring. His kitchen cupboard has sunk away, sunk down from the wall a good inch. You could stick your finger underneath the quarter round and that is the house where they pounded the quarter round down to meet it. When we came to find out why the sinks were sinking, sinks the size they are, they are the large double sinks and they have two parts to the sink; they have the deep well and the shallow part. They are quite heavy. Contractors have told me they are supposed to be built in the framework with 2 by 4 or 2 by 2 to support them. In our house they are set in the one inch boards which the top of the cupboards are made of; that is apparently the reason they are not standing up. The back door won't open in house No. 6. This house No. 6 is one of the houses which has this beam which is half cut away and also the floor studding which has been cut away to put in the plumbing. The chimney leaks there. The seams in the wall show. There is no floor under the bathtub which you can see in his house because his bathtub is downstairs. There is no floor whatever under the bathtub. You can go down in the basement and see the bathtub sitting there. It is sitting on some kind of support, I suppose.

Q. Will you go on, Mr. Cleave?—A. House No. 5, which is Mr. Embrum's is a house of the same style as house No. 6. By the way, Mr. Embrum is moving out. He has given up. I have not got the number of this house it is the one that the fellow assigned his contract. It is a four room bungalow. The paint job is very bad; their doors and windows leak. There is a bow in the kitchen wall which, I would say, bows out easily three inches. You stand at the doorway going between the kitchen and the living room and look down and the kitchen wall comes out a good three inches. That was pointed out at the time they were around looking at it. They said, "Well, you would not want to go to all the expense of straightening that wall up. Look at what it would cost. You would not do it if it were your house." Well, probably you wouldn't. He is also the fellow who asked for cancellation of his contract and has not received a reply to it. The only thing he has gotten on his contract is about two months after he signed his contract he got a letter telling—no, I guess it was about a month after—saying he owed the first instalment. About the first of February was the date he wrote for the cancellation of his contract and he got a letter to it three days ago asking for his back payments.

*By the Chairman:*

Q. Did you not say one of them asked to have his contract cancelled and did not they say it was possible to cancel it but he would be charged rent?—  
A. Yes.

Q. Is that the same man?—A. Yes, I am sorry, he said he did get that letter back but they did not cancel his contract.

Q. They told him he could cancel it and then they would charge him rent. That is what you said previously?—A. Yes, that is so. There are no garages, of course, in this subdivision. The sidewalks they put in, what they call gravel sidewalks—I do not know if you know what gravel sidewalks are, but it is all sand. It is nothing but sandhills all around there. They went and dug up some of the dirty sand there and brought it. Then, they dug a trench of about three inches deep and laid the sand in it. It is worse than the yard itself.

*By Mr. Fleming:*

Q. Where did they get the plastering sand for this work?—A. They took it from a portion of the subdivision in a sandhill. They used that to putty up along the sill of the house.

Q. That was for the repair work later on?—A. Yes.

Q. I do not know whether you mentioned houses 1, 2 and 3 in your enumeration, did you? Is there anything about the condition of those?—  
A. Houses 1, 2 and 3—I am not sure of the numbers over there. One of those houses is occupied by a fellow who assigned his contract and has stayed out of it altogether.

*By the Chairman:*

Q. Stayed out of what?—A. He has never had any part in the argument or fight which we had about the houses. He has existing circumstances, I understand—

Q. You cannot say about that?—A. The other two houses, there is one exactly like my house which has never been lived in to date. The other house is the house the fellow moved out of at the time Mr. Parkinson came around to get the contract signed.

*By Mr. Homuth:*

Q. You would say, in view of the fact that one house has never been lived in and there are 100 veterans around Sarnia, they have not been clamouring for them?—A. That is correct. One fellow came out and enquired about getting a house. They told him they were not going to do anything about the houses in the way of selling any more of them until they got the repair work completed. That may explain the fact that there are not veterans after them, but I am a little dubious about the number of veterans after these houses.

*By Mr. Fleming:*

Q. How many houses are vacant to-day?—A. Two now and one fellow is moving out. There were two vacant when I left Sarnia.

Q. Those are the eight lucky vets who were described this morning?—  
A. Yes, sir.

Q. You have not spoken about septic tanks; what kind of tile did you find there?—A. They came back this spring and they found out a lot of the tile had not been put in and what had been put in was in too close to the ground and had broken during the winter with the frost. I think in practically every case, so far as I know, the other houses had new tile put in. At my place they dug a ditch for this tile which was full of water. They laid the tile in this water and filled it in again, so I do not know whether tile laid in water is good or not. I will grant you it was a wet spring.

Q. The situation as you have described it to us is the situation as it existed in January?—A. That is correct.

*By the Chairman:*

Q. Except for the water?—A. Except for the water.

*By Mr. Fleming:*

Q. You heard what Mr. Murchison said this morning about the repair work that was undertaken and has been going on, I think he said for the past couple of months and is just about complete?—A. Yes.

Q. Have you anything to say about the course of events from January on?—A. I would say roughly about two months ago there was a representative from the V.L.A., I understand he was from Toronto, and a contractor from Toronto came down and informed us they were going to do all the necessary repairs on the houses. They said this time they were going to make a job of it and do it right.

Q. Is that the first time that anything has been done about repairs from January until the time you mentioned about two months ago?—A. That is a pretty hard question to answer, sir. They were there week in and week out. There would be a man come in and paint a little board, put a chunk of quarter round here and he would be gone again. They were there every week doing something.

Q. You would call these the little patching jobs?—A. That is right, it was patch work; trying to cover up the defects.

Q. Apart from these little patching jobs, do I understand nothing was done of a major nature down until two months ago?—A. That is correct, sir.

*By the Chairman:*

Q. What do you mean by a serious nature? The septic tank was repaired before that. It was repaired when?—A. It was repaired the first part of December.

Q. And the kitchen sink and so on, all these other things, all the repairs were made before the end of the year? What repairs were made in January and so on? We want to have an exact picture. Now, Mr. Fleming has asked you a question whether these repairs were made only in the last two months, and you said you had men coming and going at all times. You said that the septic tank was repaired in November. We just want to get the picture.—A. Well the repairs that they were doing up until two months ago were of a minor nature.

Q. That includes the septic tank?—A. Yes, well we will forego the septic tank—actually the V.L.A. did not fix it, the gentlemen paid for it, up until a month ago at least. Outside of the septic tank then they were very minor repairs that they did. They took a plane and planed the door off so it would close and where there was several broken boards along the windows, that is just the sash board, they replaced those and daubed a little bit of paint on them.

Q. When did they fix the joints and the taping of the walls? Within the last two months?—A. That is correct.

Q. And the fitting?—A. That is correct.

MR. JAENICKE: Is that taping satisfactory now? Did they make a good job of it or do the nails still show?

THE WITNESS: They still show. They are much better than they were, but they are far from good.

MR. BEAUDRY: What is the present condition of your house?

MR. FLEMING: Excuse me, we are down now to two months ago and I thought we might carry on until we reached the present stage.



*By the Chairman:*

Q. Each time you made a complaint, to whom did you make it, one of the inspectors coming around?—A. Generally to Mr. Parkinson, one of the V.L.A. representatives in London. He was the man that came out frequently to Sarnia.

Q. You said nearly a hundred men came out to the house. They must not have come there on their own. They were officials?—A. Well I don't believe at the time we moved in the whole house had been inspected, anyway not the final inspection. It had not been completed at the time.

Q. No.—A. No, and there were representatives from Toronto and London, I do not know whether there were any from Ottawa at that time.

Q. You made your representations to these representatives?—A. Yes, to anyone that came.

Q. And the next man would come to repair what he had seen and he would see something else?—A. Yes.

Mr. FLEMING: You were not hiding your complaints under a bushel?

The WITNESS: No sir, we told everybody.

The CHAIRMAN: And there were plenty of people coming to hear them.

The WITNESS: Yes, there were plenty coming to hear them.

*By Mr. Fleming:*

Q. Now you are down to this time two months ago and did you say anything about the hinges and door jambs?—A. Well the strap-hinges, hinges that you use on chicken house doors or other doors out in the backyard, are the type of hinges that they used upstairs. Upstairs off the bedrooms they have doors made so you can get out underneath the eaves for storage space, and they used these strap-hinges. They are about so long, put in with three or four screws with a pin in the centre. They were used upstairs in my house, I am not sure of the other houses, some of the rest of the houses may not be the same.

Q. What about the door jambs, were they supported properly?—A. The door jambs on my house, one of the cracks they filled up but, a crack appeared in the door jamb, three or four door jambs and you can take hold of the door jamb like this and put your weight on it and the crack would spread open like this. On one of the other houses it was shown to the workmen and they looked at it and admitted the 2x4 supporting the door jamb had not been put in, and the door jamb was merely nailed to the plaster. I do not know whether that is the case in my house or not but the door jambs do give.

Q. Would you just complete the picture down to two months ago when something is undertaken?—A. Approximately two months ago this contractor from Toronto, or the Veterans Land Act officer I believe he was, from Toronto, came around and informed us they were going through the houses and really going to repair them this time and fix them up. I would say they must have been there two months. One of the houses, they put a new basement floor in it, and naturally they redecorated every house completely all the way through. They put in new tile to replace tile that was broken. They scarified our lawns. There was some clay fill put on our lawn, the front lawn around the house, but since then it has been dug up so often, and scarified once, there is nothing but sand left. They sanded the floors and they plastered the chimneys in the basement where you could see.

*By Mr. Burton:*

Q. How would they sand the floor with these big nails showing?—A. They counter-sunk the nails and split a lot of the boards with the nails doing it.

Q. You mean they drove the heads down?—A. That is right, they drove the nails down into the floor far enough to do the sanding. The floors have been sanded twice. The first time was the original time and again, since, my floor has been sanded.

The CHAIRMAN: The nails must be pretty far down now?

The WITNESS: Yes.

Mr. FLEMING: Maybe the sanding is catching up with the nails?

The WITNESS: They certainly made an awful mess, I am not kidding you. In my house my brother lives with me and we had a cousin who came over from England and she was living with us at the time and there are three in my family, my wife, myself and one child. They came into the house to redecorate and my brother and the girl—they cleared out and my brother commuted to and from work fifty miles from Grand Bend to Sarnia. It was the only place he could go. The girl went to live with a friend in her apartment, and we moved the baby not a baby but a young girl, over to her aunt's and they went ahead and redecorated the house and our furniture was all there. In my house they did a brush job but on the others they used spray. I think I was most fortunate because the others had spray painters. They certainly made a mess spraying the furniture in the house and there were spots—

The CHAIRMAN: Did they do anything to protect it?

The WITNESS: They had four or five different paint gangs and when one would go another would come. I was lucky. I hit two painters who had clean tarps and drop sheets and they were very good fellows and did the job as well as they could with what they were given to do it.

The CHAIRMAN: Do you know whether these people belonged to the original contractors?

The WITNESS: No.

*By the Chairman:*

Q. They were under the Veteran's Land Act?—A. As far as I know they were hired by this contractor on the V.L.A. job. The painters that came into my house wanted to do the house a certain way but they would not let them do it. They had their own ideas.

Q. When you say "they" who do you mean?—A. I mean the contractor,—I won't say the contractor—because at the time my house was being painted the other contractor was not there, but the Veterans' Land Act officer was and he had his own opinion as to how the paint was to be mixed, and how it was to be put on, and the painters did the best job they could, but it was terrible for a new job. It is terrible. They came in to re-plaster over the joints and nail heads and they sanded off a few spots in some of the rooms. They are showing through worse than before in some of the rooms, but other rooms are better. The painter people say in two or three months the spots will be showing through because they did not allow for putting size on.

Q. When you say "they" do you mean the V.L.A.?—A. The painters who did the job.

Q. When you say "they" who do you mean?—A. Well while my house was being painted there was only the Veteran's Land Act man. The contractor was also responsible for the work done in Windsor and he was in Windsor at the time my house was being finished.

*By Mr. Fleming:*

Q. Ryan Bros., of Windsor?—A. No.

Q. These men did it for the V.L.A.?—A. Yes.

Mr. BURTON: You mentioned a moment ago about the furniture being left in a mess, I do not think you evaded it but what did they have for covering the furniture? What steps did they take to protect it?

The WITNESS: They had drop sheets, I think all the painters had, but some of them were very careless about how they used them. The people next door to us, his wife was in the hospital with a new arrival at the time. They were not in the house. He was in town. They moved their furniture out. These painters moved the living room furniture on the front lawn and it was snowing that day and my wife got so mad that she went over and they covered it with a tarpaulin, but they did get paint over a tremendous amount of furniture little spray spots all over the furniture. I don't know why they didn't cover it.

The CHAIRMAN: Why did not the people in the house prevent them? If you were in your house you would make sure it was all right.

The WITNESS: It is pretty hard to keep up with them. They are painting in a room and they cover your furniture with sheets and they go ahead and start painting. As they move around the sheets get knocked off some pieces of furniture and they do not bother to put them back on and in the case next door they were not there to instruct them anyway.

Mr. RINFRET: You tell us that was done in the last two months?

The WITNESS: That is correct, the last two and a half months.

Mr. RINFRET: Did it snow in your vicinity since the first of May?

The WITNESS: Let us see, what is this—May, June,—well there was a snowstorm this one afternoon when the furniture was out. I don't know whether there was snow in May or not.

The CHAIRMAN: Are you sure the repairs were made in May?

The WITNESS: I am pretty sure there was snow in May in Sarnia, one afternoon in May.

Mr. FLEMING: We had snow in May here if I remember rightly.

The WITNESS: I think that is so.

*By Mr. Fleming:*

Q. What is the condition of the stairway to-day?—A. I will speak only for my own stairway. I think I mentioned before, when the painters were there, after they got done painting the walls and so on, they neglected to clean the paint and the plastering from the wallboard off the stairs before they stained and varnished them. When the painters came in this last time they were of the impression the sander was coming to do the floors and they would sand my floors and fix them up and so they were not very careful to cover the stairs to keep the paint off, and the consequences of that is they never did sand the floor and it looks terrible. You can walk in the front door and it looks like my wife has not cleaned the stairs for six months.

Q. What is the condition of the basement to-day?—A. The basement is beginning to dry up but you can imagine what it would be like with water lying in the basement the last two or three months. It smells, the floor is slimy, and my wife had to send the laundry out for about two months because she could not do the washing in the basement.

Mr. HOMUTH: Excuse me, are there any laundry tubs?

The WITNESS: No, there are no laundry tubs and no outside taps whatever to use for the lawns and no taps in the basement. We had to put them in ourselves so we could wash down there.

Mr. WINKLER: You could not use laundry tubs in the basement with a sceptic drain?



The WITNESS: Yes, because they use a sump pump to pump the water out of the basement. That is the method they use to get the water out of the basement.

Mr. CASE: There is one thing you would have lots of water in the basement anyway.

The WITNESS: That is correct. We measured the capacity of those speed pumps, we measured the capacity of the pumps—there are two pumps working in my house together, and have for two months at least and each pump was pumping fifteen gallons per minute so that was thirty gallons a minute coming out of the basement. One pump on rare occasions would shut off for just a moment and then click back on. My hydro bill, I used to pay for water before I went there, but now it is about double what it used to be.

*By the Chairman:*

Q. Have you made any claims to the Veterans' Land Act?—A. No, sir, I didn't. One fellow did but he didn't get any satisfaction so he paid the bill. I have a bill in my pocket for \$6.84.

Q. Did you claim for that?—A. No, sir, I paid the bill, there is no use, and you would not get anywhere.

Q. How do you know?—A. The fellow next door did and he had a water bill higher than that, and he made a complaint but couldn't get anywhere.

Q. To whom did he make it?—A. To the office in London, or I am not sure whether it was the Veterans Affairs or the Veterans' Land Act office.

Q. In your case you did not make a complaint?—A. I didn't make a complaint. I have the figures here since January 30th. The fellow next door sold his water sump pump which he shut off three weeks ago because it was using too much water. From January to date he has had 75,660 gallons of water through the sump at 40 cents a 1,000 gallons, for use in pumping water out of the cellar, and water they use in the house.

Mr. GLADSTONE: Did you have the city of Sarnia water connection?

The WITNESS: That is right, I think? I am not sure whether it is the city of Sarnia or whether they have rural water but it is the same water anyway.

Q. Mr. Cleave, just a word about the dimensions of these houses. There are eight houses, I understood you to say. I think you heard Mr. Murchison's description of them this morning, and if I remember rightly, I am speaking from memory, he said four of them were one-storey cottages and four were bungalows. Am I right in my recollection?—A. Two of them were four-roomed houses—either six- or well—my house has three rooms downstairs or five rooms, my house and another one like it. Six, are four- or six-roomed houses. The six-roomed have an extra bedroom.

Q. Can you give us the overall dimensions of the houses, give us some idea of the size?—A. My house is 18 feet by 30 feet; that is 18 feet wide and 30 feet long.

*By Mr. Homuth:*

Q. Did you say 18 feet wide?—A. That is correct, sir; and 30 feet long.

*By Mr. Fleming:*

Q. And the price they asked you to pay for this house?—A. The only fair price I can give to you, the only one that was quoted to me, was the one they quoted to me at the time when they got my receipt for my \$600 original down payment, the letter back thanking me for it—they laid out the contract price there at \$7,849.05; that is, without the grant off; naturally I would have the \$1,400 grant that they gave me and my \$600 down payment and that left it something like \$5,849.05.

Q. They still have your \$600. Have you made monthly payments at all?—A. No, sir.

Q. How do you stand at the moment with the department; I mean, how do matters stand at the moment between you and the department with respect to payment and occupation?—A. We know nothing at all, sir; whether we owe them money or they owe us money or what. We don't know what to go by. We don't know what is going to happen.

Q. When was the last word you had from the department on the subject of contractual relations with them?—A. I believe the last correspondence we had from the government—I think the letter is there—it was written in Toronto and at that time—

Q. Is this the letter to which you refer, a registered letter dated March 3?—A. That is correct.

Q. Do you mind if I read that, Mr. Chairman.

The CHAIRMAN: Why not have the witness read it?

Mr. FLEMING: All right, would you read that for us?

The WITNESS: This letter reads as follows:

### SOLDIER SETTLEMENT AND VETERANS' LAND ACT

465 Bay Street,  
Toronto 2, Ontario,  
3 March, 1947.

*Registered*

Mr. W. T. CLEAVE,  
Lot 41 S,  
Briarfield Sub-division,  
Sarnia, Ontario.

DEAR SIR,—In recent months you have been allocated lot 41 S on the Briarfield sub-division, and at that time you signed a formal application for assistance in which you requested financial assistance to purchase the above mentioned property under the terms of the Veterans' Land Act, at the price as shown on your application.

It might be pointed out to you at this time that one clause in your application for assistance reads as follows:

I have personally inspected the land with respect to which this application is made, at a time when the snow was off the ground and a thorough examination was possible and I am satisfied that it fulfils my requirements and that it is suitable for the purposes for which it is to be used.

This application was signed by you in the presence of a commissioner for taking affidavits and the department can only assume that you completed this document in the best of faith.

In spite of the above, you refuse to sign the agreement of sale which was presented to you in the course of the past few days, and in view of this, the department has no alternative but to take steps to make the home in which you are presently residing, available to another veteran who is agreeable to completing the agreements presented.

If on receipt of this letter you have reconsidered the whole matter and have decided to sign your agreement you may do so at the regional office of the Veterans' Land Act at 211 Richmond Building, London, within five days of the date shown on the letterhead. If however, you still are not prepared to sign, you may vacate the premises within one week from the date shown on the letterhead, and if you do so, no rental will be charged from the date of occupancy until the date the Director has vacant

possession. The property will be appraised however, and should there be any depreciation through your possession, a reasonable amount will be assessed for any depreciation caused by your occupancy.

If you do not elect to leave the premises within the seven days as outlined above, the department will arrange for the collection of a reasonable rental from the date of occupancy until such time as you sign the agreement, or the 1st of May whichever is the earlier. The rental paid in this manner cannot be applied against your contract indebtedness but will be paid into the national revenue fund, and hence will be a total loss to you even though you should decide to complete your agreement at a later date.

Should your agreement not be signed by the 1st of May, 1947, the Director will insist upon vacant possession as of that date, and you may consider this letter as your formal notice in this respect.

Yours very truly,

(sgd) J. A. GOODCHILD,  
For District Superintendent.

*By Mr. Beaudry:*

Q. What is the date of that letter?—A. Well, it is dated March 3, 1947, and it was sent by registered mail.

*By Mr. Burton:*

Q. On what date did you receive the letter?—A. I received the letter five days after the date shown on the letter.

Q. That would be on March 8?—A. It was on March 8th that we received the letter.

*By the Chairman:*

Q. Did you answer the letter?—A. No, sir, I did not answer the letter.

Q. Can you give the committee the reason why you did not?—A. Immediately upon receipt of that letter of course we got in touch with the Legion.

Q. "We"—you mean by that that the others received letters also?—A. That is correct.

Q. That is through your own personal knowledge?—A. To my own personal knowledge, outside of the two who had already signed.

The CHAIRMAN: That is all right.

The WITNESS: We went and got in touch with the Legion and the Legion called the V.L.A. place in London and told them that it was impossible even if we wanted to for us to sign our contract. Now, this was Saturday morning and it was impossible for us to get up to London and sign the contract before the closing date.

The CHAIRMAN: You mean, within the week.

The WITNESS: Within the seven days allowed. On the other hand the Legion man was told—the man he was speaking to told him to tell us to let the matter drop for the time being because he had been informed that Mr. Murchison and Mr. Woods were coming down for a personal inspection of the properties.

*By the Chairman:*

Q. You were told that by the Legion man in London?—A. Yes. I was there at the time he was talking to the other man, I mean when he was talking to the V.L.A. man.

Q. I mean that you were told that by the V.L.A. man?—A. That is correct; we were told that Mr. Murchison and Mr. Woods were coming down there for an inspection.



Q. Pardon me, I did not quite get you; you said that the V.L.A. man told you not to bother about that?—A. He said for us not to worry about it.

Q. What did the Legion man have to do with it?—A. He was the man who called London for us.

Q. And the V.L.A. man in London answered the Legion man to tell you not to worry?—A. That is right; not myself but the Legion man told me not to sign them, that Mr. Murchison and Mr. Woods were coming down on a tour of inspection; and Colonel Parrish was with them; he was a contractor from Montreal, I believe, and we brought up the subject at that time; and, now, I am not sure whether it was Mr. Woods or Mr. Murchison or who it was that informed us then that we had no need to worry about that letter until such time as they made their final report to the Minister of Veterans Affairs and then we would hear what the outcome was.

*By Mr. Fleming:*

Q. Have you heard further?—A. We have not heard anything further.

Q. Apart from yourself do you know if any of the other veteran occupants of those houses have heard?—A. No, sir. The only one that I know of is the one chap who got a letter three or four days ago asking for his back payments.

*By the Chairman:*

Q. And you have not been pressed for payments either?—A. No, sir.

Q. And you haven't received anything yet?—A. We have never been asked for any further money.

*By Mr. Fleming:*

Q. And you have been biding your time waiting to hear from the department as to what the outcome of this inspection was?—A. That is right.

Q. And that letter was written and it was received by you before any of this repair work was undertaken?—A. That is correct, before Mr. Murchison and Mr. Woods made their inspection.

Q. I am speaking of the major repair work which you said began two months ago.—A. The major repairs were started after that letter was written.

Q. They were demanding of you that you sign a contract at the time the property was in the condition of disrepair which you have described this afternoon?—A. That is correct, sir.

Q. And the contract that you were being asked to sign under those circumstances called for a price of \$7,859?—A. Now, I am not certain. There is a slight drop in the payment—I don't recall just what it was, it varied from \$40 to \$100 perhaps in the price. Yes. At one time when they asked us to sign our contract—at the time of that letter there was no copy of the contract. I have never had a copy of the contract yet. I have no figures outside of what was shown on my original receipts for my \$600. That is the only figure I have ever had from the government in writing to say how much my house was going to cost. My payments I think were to be \$29.12 per month.

*By Mr. Homuth:*

Q. You said there was a hole in the floor of the cellar; was that there when you moved in?—A. It was put there for the sump pump.

Q. It was there when you moved in?—A. Yes, about a foot square.

The CHAIRMAN: It was cemented around?

The WITNESS: Definitely, yes.

Mr. HOMUTH: When they put that hole in there they must have realized that they had built a house below water level.

The CHAIRMAN: That again is guesswork. Ask him about facts. He is not the one to decide whether it was or not. You should ask the contractor about that.

The WITNESS: There is one house, I believe, only one which is built up on a kind of a rise where they have no trouble with water, and the contractor did not put a sump pump in that house.

*By Mr. Homuth:*

Q. So the idea was that they put a hole in the cellar floor, because of the water danger, the water menace, and the whole was put there so that you would be able to pump it out?—A. That is correct, the sump pump was there, too.

Q. The pump was there; there is no question about it, the contractor who was responsible for the building knew that there was going to be water.—A. It was filled in.

Q. Now, just a minute; I think that one of the complaints you had when you moved in was that you knew that your basement floor was below water level. How far was the water level below the floor?—A. I would say it was six or eight inches.

Q. And how was it, let us say, around Christmas time or later on in the spring?—A. It remained at a constant level all the time until spring, the spring breakup, and then it came in.

*By Mr. Beaudry:*

Q. How did you ascertain the water level?—A. You could see it in the hole.

Q. Did I understand you to say that the hole was covered with cement?—A. The hole was covered and the pump that was originally put in the water sump pump, the water expulsion pump which operated off the water system; the water drained off by using the water itself to operate the sump expulsion pump. That sump pump required a hole a foot square. The electrical sump pump required a bigger hole and they cut the hole right through the cement floor, that was the only way they could put it to work, was by cutting a hole in the floor.

*By Mr. Murphy:*

Q. And that accounted for the high hydro bill?—A. That is correct, \$6.84 in one month.

Q. I have just one other question; you did not tell the committee the type of construction of these houses?—A. Eight homes have all got Johns-Manville asbestos shingles on the sides. They have asbestos shingle roofs. They are finished with plasterboard inside, plywood flooring in all the rooms upstairs in the houses that have an upstairs, and plywood floors in every bathroom and in every kitchen of the homes. There are hardwood floors in the rest of the rooms.

*By Mr. Case:*

Q. What kind of a foundation?—A. Cement block on a cement footing.

Q. Are there cement floors in the basement?—A. Cement floors in the basement.

Q. Is it frame construction?—A. Frame construction, yes.

*By Mr. Murphy:*

Q. Is there a sub-floor under the plywood floor in the kitchen?—A. No, sir, there is not. There are slats there one by six and twelve inches apart.

Q. In other words, about one-third sub-floor under the kitchen.—A. Roughly, one-third, I presume.

*By Mr. Homuth:*

Q. Do you mean to say that the walls are just Johns-Manville siding?—A. Yes. What is under that siding I do not know. I imagine they are sheeted underneath. I do not know.

Q. They are not brick or stucco, just Johns-Manville siding?—A. You know the white shingles.

*By the Chairman:*

Q. There must be board sheeting underneath otherwise if you only had that covering it would not hold its place.—A. I presume there is sheeting underneath. I hope there is sheeting underneath.

*By Mr. Burton:*

Q. You would not know whether the sheeting is half inch or an inch.—A. I have no idea what it is. I know the wind blows in beside my wall plug in the kitchen which is right beside the table.

*By Mr. Case:*

Q. You would not know whether it is solid sheeting or spaced sheeting such as you have under the sub-floor?—A. No, I do not know.

Q. But there is insulation between that and the plaster boards?—A. There is supposed to be two inches of rock wool.

*By Mr. Burton:*

Q. Have you any idea of the dimension of the studs? Are they two by four or two by six?—A. Down in the basement I believe it is two by eight studding. What is in the upstairs floor I could not say.

*By Mr. Case:*

Q. What is the centre between the studding or joists downstairs?

Mr. HOMUTH: You are talking about joists?

*By Mr. Case:*

Q. Is it 18 inch or 12 inch centre between the joists?—A. I imagine they are the same although I do not know.

Q. You do not know how far apart the joists are in the basement?—A. I do not believe I ever measured them.

Q. But you think they are two by eight?—A. They are two by eight in the basement. I know that.

*By Mr. Jaenicke:*

Q. I do not understand about that hole in the basement. A little while ago you gave me the impression that hole was put there because they expected water to come in. Then you told us there was a smaller hole first for some other purpose and a pump was there for some other purpose?—A. The only purpose I can think of why the hole was there and the pump was there was because they anticipated water in the spring of the year. That is the only reason I can see that it would be there.

Q. Then you made another remark about tearing up the floor.—A. I believe you are referring to the fact that somebody said you could not have laundry tubs in the basement because you could not drain them.

The CHAIRMAN: He is referring to afterwards when they came and dug a larger hole.

*By Mr. Jaenicke:*

Q. No, the smaller hole was there for some purpose with a pump to take out some water.—A. Somebody mentioned you could not have laundry tubs in the basement because there was no place to drain them and I mentioned you could use your sump pump to drain because we did use the sump pump to drain our laundry water. You could not carry it upstairs in pails and take it outside.

Q. Did you say it was put there for that purpose?—A. I do not believe it was put there for that purpose because there were no taps put in the basement and there were not laundry tubs.



*By Mr. Case:*

Q. You apparently have no natural drainage there in these cellars?—A. Apparently not. We had to wait until the water level gradually went down with the sun and the wind.

*By Mr. Gladstone:*

Q. What determines the water level there?—A. Lake Huron, I imagine.

Q. How far are you from the river or lake?—A. I would say we are about a mile or a mile and a half from Lake Huron and we are possibly two or two and a half miles from the river.

Q. How far are you from the post office in Sarnia?—A. We are on rural route No. 3. One of the fellows has a mail box there, but we are a long way back in from the road. I use Point Edward which is really our nearest place. I think the rest of them have general delivery, Sarnia, for their mail.

Q. What is the distance?—A. From Sarnia? Well, from the outskirts of Sarnia I guess we are maybe slightly over a mile but from uptown we are about four miles.

Q. It is very flat country there, is it not?—A. Yes, quite flat.

*By Mr. Burton:*

Q. Is there a paved road or a gravel road near the property?—A. There is a gravel road which they constructed to take care of these houses. It comes off a gravel road. I suppose we are 500 yards from that gravel road. Taking the back way, which we have to take to the bus, we are about a mile from the bus, between three-quarters of a mile and a mile from the bus. We have that to walk to catch the bus.

*By Mr. Murphy:*

Q. You were here this morning when Mr. Murchison referred to some wartime houses that were for rent within a mile and a half of your place?—A. Housing Enterprises Limited houses. He is correct. They are about a mile and a half from where we are. They are on the outskirts on Sarnia. We are further out again, but they are still within the city. They have sewers and they have a paved road running by them.

*By Mr. Burton:*

Q. Sidewalks?—A. Sidewalks, yes; I believe all the sidewalks are now completed there.

Q. What was the rent for anyone having a house similar to yours in that location? Do you know what any of your friends paid for rent?—A. It is too much. I think for a house similar to mine it was \$48.50. I understand there has been some raise since they took the ceiling off the houses completed since the 1st of January, but that is a scandalous rent. That is far more than Wartime Housing. A Wartime Housing house like mine is renting for around \$25 to \$30.

Q. There is Wartime Housing in the same vicinity?—A. They are over in another section of the city, but they are in the city. They are having trouble there, but they have sewers, sidewalks, things like that, a bus service.

Mr. BEAUDRY: If I may interrupt, did we not have a figure quoted by Mr. Murchison as to the rental of the houses put up by Wartime Housing, that it was set at \$52.50 a month?

Mr. FLEMING: That is the one that is in the city of Sarnia.

Mr. BEAUDRY: The witness just said he thought the rentals were around \$25 a month.

The WITNESS: For Wartime Housing. I know definitely that Housing Enterprises Limited are renting a house that has a kitchen, living room, bedroom downstairs and bath, and two bedrooms upstairs for \$50 a month now.

*By Mr. Case:*

Q. How much land have you with your house?—A. Half an acre presumably. It has never been measured out. I do not know where it runs.

*By Mr. Fleming:*

Q. Is it fenced?—A. No.

*By Mr. Case:*

Q. Is that general with the houses built there? Do they each have half an acre?—A. They are supposed to have half an acre to each home.

*By Mr. Gladstone:*

Q. What is the character of the top soil?—A. Sand, beach sand.

Q. What is the lower part? To what depth does the sand go?—A. All the way down, I think, as far as anybody has ever dug, anyway. A couple of fellows tried to plant a garden. One fellow is lucky. He has a little bit of land at the back of his house, away back at the back end of it, right over on the far side of the subdivision, where there is apparently some black loam. He is the only one out there who has a garden. Another fellow attempted a garden and it is not growing at all.

Q. If the sand goes down that far the water level must be determined by the height of the water in the river.—A. I would say the lake. I do not know. It all depends whether there is a clay bank between there and the river or the lake.

*By Mr. Jaenicke:*

Q. Is the water level in the river and the lake exceptionally high this year?—A. I really could not answer that. I am not sure.

*By Mr. Coté:*

Q. How old are these houses of a similar type which are rented for \$25 and \$30 a month?—A. That is Wartime Housing. I believe some of those were just completed in 1946. In fact, I am sure they were completed in 1946. I think there were about 150 homes completed in 1946 and rented at that time. I would not like to say to the exact figure because I do not know, but I understand they rented between \$25 and \$35. Of course, they are a different size home. I think they rent as cheaply as \$22 in some cases.

*By Mr. Burton:*

Q. But they are not the type of house you expected yours to be when you moved in?—A. No. These wartime houses were not completed as well as ours. For instance, in our kitchen we have built-in cupboards which I do not believe they have in Wartime Housing. They may be built in but I do not believe they have doors on them.

*By Mr. Case:*

Q. I do not think they have a basement either.—A. No, a lot of them do not have a basement. Those I am talking about do not have a basement.

*By Mr. Beaudry:*

Q. I am not disputing your grievance and the difficulties you have had, but when you went in to purchase that house did you go in to invest \$7,800 roughly as a lifetime proposition or— —A. Well, yes. Naturally when I went in there I knew I was assuming an obligation for 25 years. I presume I could

have broken the contract. If I had broken the contract I would have lost all the money I had put up, also my V.L.A. and my rehabilitation credits.

Q. Was the actual ownership of that house the motive—and again I am not questioning the motive—or was it the stronger motive that you needed accommodation at that time?—A. That is correct. I practically had no other choice. I had to get a place to live. My little girl was sick.

*By Mr. Jaenicke:*

Q. How is she now?—A. She is fine.

*By Mr. Beaudry:*

Q. You went in there and you were going to invest that amount of money and yet you said you took very little time to examine the house.—A. I had been through the houses before. I looked through them in July, but when I went in I was not looking for beams cut off, floor joists cut off, insulation not there, and all that kind of thing, because I knew that before the war when you built under the National Housing Act, when the government was having a house built the supervision was very strict, and I assumed that this house, at least the stuff I could not see, was in good shape.

Q. You took it for granted?—A. I took it for granted that the house was properly constructed.

Q. And that you did not have to examine the house or have it inspected?—A. I knew the price was high but I assumed I was getting a good house when I bought it. That was my attitude. That is what I told my wife, "At least we will know it was built by the government for veterans. At least we will know that."

*By Mr. Burton:*

Q. It was built by a contractor?—A. Yes.

Mr. FLEMING: Under contract with the government.

*By Mr. Denis:*

Q. On the third of March when you received that letter did you know how much it would cost you to get that house?—A. The only price I had was the original figure.

Q. On the third of March when you received your last letter did you know how much it would cost you to get that house?—A. They did not state it in the letter but I knew what it was roughly. I could not lay my finger on a figure and say, "That is it."

Q. You could have inquired at that time to ascertain how much it would cost you exactly to get the house?—A. I presume I could have written to London.

Q. That was not the question.—A. I could have found out. I did not try. I suppose I could have, I guess.

Q. Can you figure the amount it would cost you to get that house?—A. I think there is a slight decrease in the cost but roughly \$7,800 is the original cost less \$1,400 grant.

Q. If I understand you you were not satisfied with the condition of the house at that time on the third of March. Is that right?—A. The house had not been—

Q. You were not satisfied with the house on the third of March when you received that letter?—A. That is correct, I was not satisfied.

Q. In that letter it is mentioned that if you are not satisfied with the house you could vacate it within seven days. Is that true?—A. That is true.

Q. You did not vacate the premises?—A. Where could I vacate to?

Q. You did not vacate?—A. No, I still live there.

Q. You still live there?—A. Yes.



Q. According to the letter if you had vacated the premises you would not have to pay rent?—A. If I vacated within a week, yes, I would not have to pay any back rent.

Q. So you could cancel the contract without it costing you one cent?—A. Unless they deemed there was some depreciation.

Q. Some depreciation because of your own fault?—A. That is correct.

Q. But according to what you say you did not do anything like that. You did not cut any floors in the house?—A. No, sir.

Q. You do not— —A. I do not think I have damaged the house in any way.

Q. You did not scratch the walls?

Mr. HOMUTH: They would be sure to notice that if he did.

Mr. DENIS: We have a right to question the witness. He is here for every member.

Mr. HOMUTH: I am trying to help you out.

Mr. GLADSTONE: I think everyone has a right to expect a good house, and I am sure it is the feeling of every member of this committee that veterans everywhere should have a good deal on the houses they buy. Now, concerning the question of water: it is reported generally that the water level in our great lakes is at perhaps the highest point that has been known. It is also true that all over western Ontario people have had water in their basements. I know even in the hilly country such as that in which I live at Guelph, there has been water in the basements this year. However, that is not unusual. It is almost to be expected that in the low, flat country around Sarnia with the river and lakes unusually high, there would be water in the basements?—A. Yes, for a few days, sir, not for a few months.

*By Mr. Beaudry:*

Q. Does the water fluctuate that much? I do not mean in the house, I mean in the lakes?—A. My wife's aunt and uncle live out in the country. They have had water in the basement in the spring of the year. It comes in and stays there for two or three days and then goes out again.

*By Mr. Homuth:*

Q. The very fact there is a hole in the cellar floor and a sump pump there it leaves no question—

The CHAIRMAN: You cannot say "no".

Mr. HOMUTH: It leaves no question about the reason why a sump pump was put in there was to pump the water out.

Some Hon. MEMBER: Let us have the contractor here and find out.

The CHAIRMAN: Why don't you summon him?

*By Mr. Gladstone:*

Q. What organization did the contractor have in Sarnia? Did he have an inspector there when the homes were being built?—A. I could not tell you, sir, I was not there.

Q. When were those houses built?—A. I believe in 1945 and 1946. I did not get discharged from the army until February 1946. I was not there when the houses were started.

Q. Did the contractor maintain an organization in Sarnia?—A. I understand he did. He had a time office and had a building up there.

Q. Who would be the men who were continually going out to do these minor repairs?—A. Well, they were men from Windsor, sir. I believe the contractor himself or his superintendent did hire a few men locally from Sarnia but the most were brought up from Windsor.

Q. You said they were there every day doing something? Would they come from Windsor every day?—A. They would come up for a couple of days, stay in the hotel over night and come up in the morning and do a little work. Sometimes they would go home to Windsor at night and come back the next afternoon.

*By Mr. Case:*

Q. Have you ever had any experience building houses yourself?—A. My father is just in the process of building one and I have helped with that.

Q. You have some knowledge of building?—A. A slight knowledge, yes.

Q. Do you know anything about the cost of building to-day?

The CHAIRMAN: Do you think that is a fair question to ask this witness? His father is building the house.

Mr. CASE: He can say yes or no.

The WITNESS: I have had prices given me by contractors of what it would cost to duplicate my house, if that is what you mean. I think they were reliable contractors. There was no reason for them to misquote the house. There was none of them over \$4,500.

*By Mr. Fleming:*

Q. From how many contractors did you get prices?—A. I got prices from two contractors and also from a man who was in the contracting business. He was a supervisor of work, I think, for the government—no, he worked for the contractors on wartime housing for a considerable time in Sarnia.

Q. Those are the three people from whom you got prices?—A. Yes.

*By the Chairman:*

Q. Did they just figure out the price or did they quote you a price for which they could build the houses? There is a lot of difference between those two things. Did you say, "This house would cost so much" or "I can build that house for that sum; there is a quotation"?—A. I merely told the contractors we were having an argument about the price of the houses and I want to know what you would build that home for.

Q. Did he visit the home or did he see the plans?—A. Two of them were there and one was not there. I described the house to him.

*By Mr. Beaudry:*

Q. None of these contractors thought you were asking for a quotation with the intention of building yourself?—A. That, I would not know.

Q. You would know because you were the one asking for the information?—A. They knew we had complaints.

*By the Chairman:*

Q. They were not quoting a figure to you saying that they could, to-morrow, build a house for \$4,500?

*By Mr. Beaudry:*

Q. Were they willing to sign a contract with you for \$4,500?—A. I did not ask for that.

*By Mr. Fleming:*

Q. You say you asked them what it would cost to build that house?—A. What they would charge me.

Q. You say the highest of the three was \$4,500?—A. Yes.

Q. What were the other two?—A. \$4,500. They did not get it down to fine figuring, but between \$4,000 and \$4,500.

Mr. CASE: The point I want to arrive at is this; he has some knowledge of building.

The CHAIRMAN: What kind of knowledge of building? Before you state it ask him when he worked in the building trade.

Mr. CASE: He has said.

The CHAIRMAN: He has never said that he worked in the building trade.

Mr. CASE: He said he helped around his father's place.

The CHAIRMAN: His father has started to build a house.

*By Mr. Case:*

Q. Let me put the question this way; if you knew that this house cost \$10,000 to build that would influence you in expecting a good house?—A. That is correct, sir.

Q. It is bound to influence anyone whether that person has any knowledge of building or not. If a fellow says it cost \$10,000 to build a house, a person would expect a reasonably good house.

*By Mr. Coté*

Q. On the other hand, do you know that under present conditions contractors have most of the time to be satisfied with second and third grade material and a low quality of labour?—A. I realize that, sir. I am thoroughly aware of the fact.

Q. While I am on my feet, there is a point I should like to clear up about your agreement of sale. Did you at any time go over the terms and conditions of that agreement which the department wanted to make you sign?—A. At the time Mr. Parkinson was up and met the fellows in this one house he had the contract there. I asked him if I could see my contract and he said yes. I took it and read it in part. I read quite a bit but there was a lot of fine print which I did not bother to read. It was an ordinary bill of sale with a mortgage clause in it and so on.

Q. Did you discuss any of the clauses of that contract or any of the provisos in it?—A. No, sir. The only thing, as was in that letter, we thought it was only good business if you were buying a house from me and there were some repairs required on the house and you said, "Oh well, sign the contract and I will fix it up afterwards"; it was only good business to have that in writing. That is what we asked from the government originally, that they put down the minimum repairs required in each home and put it in writing, give us a list of them.

Q. That was your pre-requisite condition?—A. That is what we asked for that night and that is what Mr. Parkinson told us he could not get. He said he was not in a position to get it. We asked for some official who would have the power to sign that agreement.

Q. In the estimate given by Mr. Murchison this morning of \$780 for repairs since you made that, a fair estimate?—A. That is hard for me to say. I think I have here some exact figures. These were the figures submitted by the V.L.A. man who was there when the contractor was there fixing them up these last two or three months. I know he used this estimate of repairs. He told me that was the figure he had submitted to the department himself. It was on my house, for instance, to date, this was from January 1st up until the date of this sessional paper 135-J dated May 14th, there was \$460 repairs which had gone into my house. There was an estimated \$340 still to be done.

Q. The major repairs only started after that date?—A. It started after the first of January but they were partly done on May 14th when this estimate was given.

Q. Did you, yourself, may any minor repairs of any kind?—A. Not of any consequence, sir, no.

Q. You just waited for the government officials?—A. Well there was a repair man around there fixing up things. They told us they were going to fix this or that. Naturally, there was one door which was scrubbing on the hard-



wood floor and I took it off and planed it off so it would not ruin the floor. I did minor things like that.

Q. To get back to your personal matters about which you have told us, has your little girl improved or got worse since you moved into that house?—A. She has decidedly improved.

Mr. HOMUTH: But she does not walk around on the cellar floor.

The WITNESS: It is dry upstairs.

Mr. COTÉ: I merely wanted to have your answer to that as a basis of comparison as between the health conditions of the place where you are now and where you were before?

The WITNESS: I was living in a two roomed cottage with a sun porch. It had one floor and it had no basement. It was only built for summer living.

*By the Chairman:*

Q. Is this house well heated?—A. Yes, it was quite comfortable all winter.

*By Mr. Warren:*

Q. Was there a furnace in it?—A. Yes.

Q. That went as part of the house?—A. Yes.

*By Mr. Gladstone:*

Q. Did the water interfere with the firing of the furnace?—A. No, but it interfered with my coal. They have put in a water-proofing coat of cement on the basement floor and part way up the wall in my house to keep out the water, but they neglected to put it in the coal bin. This floor is about an inch or better thick and consequently I have about an inch of water which lies in my coal bin. It cannot get over this rise to drain into the sump pump. Outside of that, the sump pump gets the water out of the basement. It did not get to any height in the basement.

*By Mr. Beaudry:*

Q. From these contractors who gave you the quotations did you ascertain whether they could build for you now at that figure?—A. I have not asked anyone within the last four or five months.

Q. It would be interesting to find out whether you could build that same house for \$4,500 instead of paying \$7,900 for the house. You should not overlook that opportunity?—A. It would be, but what do I do in the meantime while they are building my house.

Q. But you are under no obligation to anyone. You have resided in the house . . .

Mr. FLEMING: But the government has his \$600.

*By Mr. Murphy:*

Q. When you made application for the house, it was with the intention of carrying out the deal?—A. Yes.

Q. You entered into the contract in good faith?—A. Yes.

*By the Chairman:*

After visiting the property?—A. Yes.

*By Mr. Gladstone:*

Q. When did you go through all these eight houses?—A. It was during the summer of 1946, July or August. I had decided not to buy one.

Q. You were allotted the house on the ground of veteran's preference; you said you got the house because of your veteran's preference?—A. According to the observation of the Veterans' Land Act people that is what Mr. Murchison said. Now, they started that way in Sarnia. They took out eight veterans who

were to take these houses and the eight veterans were supposed to be allocated a house. They turned them down.

*By the Chairman:*

Q. Do you know that for a fact?—A. I know that for a fact.

*By Mr. Beaudry:*

Q. Do you know the reason?—A. Why they turned them down? I think the price chiefly at that time. There was quite a bit in the papers about it. I do not know whether it got in the papers here. Then, these houses dropped out of the news. They remained vacant, I think, for another month or so. Nobody seemed to be taking them up. Gradually somebody had to have a house and one by one they were applied for.

*By the Chairman:*

Q. And accepted, and as you told Mr. Murphy they took the obligation to pay \$7,900 for the house?—A. That is correct, sir.

*By Mr. Denis:*

Q. Did you ever send a list of the repairs to be made to your house to the contractor or to the department?—A. No. We gave those to the V.L.A. officials when they were there on the spot.

Q. You never sent any written list of the repairs to be made to your house at any time?—A. I do not think we did. We gave it to the V.L.A. officials who wrote it down and made a list themselves.

Q. So, neither the contractor nor the department refused to make these repairs because you did not send them in?—A. No, they didn't refuse to make them, oh, no.

Q. If you were trying to help yourself, to send a list of the repairs to the contractor or to the department, do you not think it would help you to get an answer yes or no?—A. I do not believe it would, because—

Mr. FLEMING: Would you let him finish.

*By Mr. Denis:*

Q. Do you not think it would be the normal way to help yourself out?—A. Well, I tell you sir, Mr. Woods, the Deputy Minister of Veterans Affairs, Mr. Murchison who was the director of the Veterans' Land Act, and Colonel Parrish, I am not sure whether he is a contractor or a contract engineer from Montreal, came down to the Veterans' Land Act project there to inspect the houses. Colonel Parrish made a list of everything that was wrong with the houses.

Q. Talk about your own house.—A. I was there with them at the time they made the inspection.

Mr. RINFRET: When was that inspection made?

Mr. FLEMING: He gave that earlier.

The WITNESS: That would be around I would say the 10th of March or so.

Mr. RINFRET: So up to the middle of March you had made no complaint to the department that these things were wrong?

The WITNESS: It all depends what you mean by the department. We had written to the Minister of Veterans Affairs and told him why we should not sign the contracts because the repairs were not completed. The Veterans' Land Act officials were there day in and day out and if you made a list they told us they were going to fix them. We told everybody that came around but we did not send a list to Ottawa, no.

Mr. HOMUTH: You would not deem it necessary when these inspectors came out to get the information?

The WITNESS: They were not inspectors, they were Veterans' Land Act men.

Mr. GLADSTONE: I think we would wish to thank Mr. Cleave for the manner in which he has given us a report on the situation and express the hope that it will be adjusted in all fairness.

The CHAIRMAN: If there are no more questions of the witness we will adjourn.

Mr. HOMUTH: When are we going to meet again?

The CHAIRMAN: Mr. Murchison cannot come as a witness before Tuesday at least. Tuesday morning is the meeting of External Affairs and I wanted to leave Tuesday afternoon open for meetings of the steering committee so I suggest that we meet Wednesday morning and Wednesday afternoon.

Mr. BURTON: Just one question before you decide on that. I have been following Mr. Cleave's evidence fairly carefully and I may say that I was certainly impressed by what he had to say. As the story unfolds I am under the impression that if at all possible we should have the contractor here.

The CHAIRMAN: You mean we should see the contractor?

Mr. BURTON: Just allow me to finish this. In so far as examining witnesses is concerned, I believe he is the person we should have on the stand. When it comes to the evidence Mr. Cleave gave about speaking to other contractors that would build a house for him, unless he was prepared to go into arrangement with them, I believe we could forget about that, but I do want, if at all possible, to have the man that constructed that house for purpose of the record. There are different things that were stated here to-day both this morning and this afternoon, and I think we should have an opportunity to enquire from the contractor.

Mr. BEAUDRY: We already have Mr. Murchison's statement this morning that the department was not satisfied with the work.

The CHAIRMAN: We have Mr. Murchison's statement that he has yet to arrive at an understanding with the contractor and we were advised it might lead to litigation, so, as far as we are concerned, after hearing that, I do not think I would want the house myself, but that is beyond the point.

Mr. MURPHY: I wonder if it would not be embarrassing to Mr. Murchison to have the contractor here in view of the litigation.

The CHAIRMAN: In view of the litigation pending we would want a clear statement as to that. I do not think we can meet before Wednesday because we have asked for quite a lot of data from Mr. Murchison and I have asked him to be prepared for Wednesday at 11 o'clock if that is agreeable to the members.

The meeting adjourned at 6.10 p.m. to meet again on Wednesday, July 9, 1947, at 11.00 a.m.



## APPENDIX "A"

SESSIONAL PAPER No. 1351, WEDNESDAY, APRIL 16, 1947

Mover:—Mr. Murphy, M.P.

## QUESTION

1. What is the total cost of each home constructed under the Veterans' Land Act in (a) Sarnia Township, Lambton County; (b) Roseland and Oliver farm areas, Essex County?

2. Who was the contractor or contractors in each of the above areas?

3. How many homes were built under the V.L.A. in (a) Sarnia Township; (b) Roseland and Oliver farm areas?

4. What is the present proposed sale price of each home in the same area?

5. What is the original price asked in each case?

6. What was the cost per unit of project overhead and how was the same made up?

7. Have any veterans made deposits on proposed purchases and later declined to proceed with the purchase of such holdings? If so, by whom and why were said deals not completed?

8. Who were the government inspectors in each of the above areas and what was the term of employment and salary of each inspector?

9. What qualifications did the inspector have to become an inspector under V.L.A.?

10. Is the purchase price asked any veterans in excess of the cost to the government? If so, how much and what units are affected?

11. Does the government permit veterans to obtain half-acre plots and build homes on same under V.L.A., in (a) Sarnia Township area; (b) the Roseland and Oliver farm areas?

12. Has the government received any complaint about construction or price of homes in (a) Sarnia Township area; (b) Roseland and Oliver farm areas?

13. Has the government been requested for new price contracts or rental agreements by veterans in these areas?

14. On whose advice were the locations for veterans' homes chosen?

15. Who recommended the sites chosen in (a) Sarnia Township area; (b) Roseland and Oliver farm areas?

The attached information has been received by the Secretary of State of Canada from the Department of Veterans Affairs.

## ANSWER OF DEPARTMENT OF VETERANS AFFAIRS

1. (a) 2 at \$7,759.36 each
- 2 " 7,928.57 "
- 2 " 7,081.95 "
- 2 " 8,200.54 "

Cost of house construction only.

(b) House costs not yet finally determined by Cost Inspection and Audit Division of Treasury.

2. Ryan Home Builders Limited.

3. (a) 8.

(b) 100 (Roseland, 60; Oliver, 40).

4.

<i>Sarnia</i>	<i>Roseland</i>	<i>Oliver</i>
2 at \$7,723.96	8 at \$7,342.13	4 at \$7,481.03
2 at 7,891.96	8 at 7,496.81	4 at 7,635.71
2 at 7,455.96	8 at 6,573.80	4 at 6,712.70
2 at 7,758.96	4 at 6,469.79	2 at 6,608.69
	4 at 7,376.73	2 at 7,401.81
	4 at 7,262.91	2 at 7,515.71
	4 at 6,286.55	4 at 6,425.45
	8 at 7,074.59	4 at 7,263.49
	4 at 6,600.26	4 at 6,739.16
	4 at 6,325.23	4 at 6,464.03
	4 at 6,308.80	4 at 6,447.70

Price includes dwelling, land and services.

The conditional grant of \$1,400,000 has not been deducted.

5. Same as number 4.

Average per unit at Sarnia \$1,736.22.

Project overhead includes the following items:—Temporary buildings salaries of staff located on the project including superintendents, accountants, bookkeepers, stenographers, timekeepers, material checkers, first aid attendant, watchman, and waterboys, miscellaneous expenses incurred at job office in direct relation to the project include travelling expenses, telegrams and telephone calls.

*Re* Roseland and Oliver projects, *see* reply to 1 (b).

7. Yes.

<i>Project</i>	<i>Name of Veteran</i>	<i>Reason</i>
Sarnia	Hudspith, F. J.	Moved out but has not yet requested refund.
Roseland	Derrick, W. J.	Has house in city.
	Underwood, A.	Not completely satisfied.
Oliver	Towers, C. B.	Change in his position requires move from Windsor.
	Rigney, M. W.	Moved to Collingwood, trucking business.
	Reid, W. A.	Opportunity to buy house in Windsor more convenient to his work.

<i>Project</i>	<i>Name of Inspector</i>	<i>Term of Employment</i>	<i>Salary</i>
Sarnia	Methven, J.	July 19, 1945 to Sept. 11, 1946.	\$2,400.00 per annum
Roseland	Earl, Charles	June 11, 1945 to May 31, 1946	260.00 per month
Oliver	Harper, A. W.	June 5, 1946, to Aug. 31, 1946	2,400.00 per annum
	Southwick, L. G.	Sept. 16, 1946, to Nov. 6, 1946.	2,124.00 per annum
	Thibeault, J. T. L.	Nov. 4, 1946 to the present date	2,124.00 per annum

9. *Methven, J.*—Employed with: Rowland Anderson & Paul Architects, Edinburgh, Scotland—1907 to 1913—as Architect's assistant and supervisor; Hooper & Davis, Architects, Winnipeg—December, 1913 to June 1914—as draftsman; Province of Manitoba—June, 1914 to December, 1915—as draftsman; Dominion Sugar Co., Chatham,—November, 1916 to January, 1918—draftsman and supervisor 1918 to 1945—in business for himself as architect.

*Earl, Chas.*—Employed with Wells & Gray, Engineers and Contractors, Toronto, June, 1914 to March, 1923, as superintendent of building construction of industrial plants, storage plants, abattoirs, banks, private residences and general construction work of all kinds. Partner with Allan & Earl, General Contractors, Windsor, March, 1924 to March, 1931. Employed by Allan Construction Company, Windsor, 1931 to 1943, superintending the erection of industrial buildings, residence, public buildings and remodelling. Employed by D. T. Cameron, Architects, Windsor, 1943 to 1945, as Inspection Superintendent, supervising construction of wartime houses in Windsor.

*Harper, A. W.*—Employed with Noranda Mines, Ltd., Noranda, P.Q., April 1934 to June, 1946, as Building Supervisor, supervising maintenances of company owned dwellings, business blocks, schools, etc., making specifications for such buildings and inspecting the construction. Town assessment commissioner and building appraiser.

*Southwick, L. G.*—Employed intermittently as carpenter from 1936 to May, 1946. General contractor, May, 1946 to September, 1946. Since leaving the service Mr. Southwick has returned to his own contracting business.

*Thibeault, J. T. L.*—Carpenter, 1934 to 1941, with the exception of a 5-year period when he was in the general contracting business with his father. Canadian Army 1942 to 1946.

10. No.

11. Yes.

12. (a) and (b)—Yes.

13. Yes.

14. Property was subdivided by Mr. R. W. Code, O.L.S. of London, Ont. Building lots were selected by Mr. J. C. Angus, District Construction Supervisor, and Mr. P. R. Buesned, Resident Engineer, and approved by Mr. C. M. Nixon, District Superintendent.

15. Purchase of the properties was approved by the District Superintendent following appraisal by Mr. Peter Love, and consideration by the Regional Advisory Committee.



## APPENDIX "B"

AVERAGE COST FOR EACH BASIC FLOOR PLAN IN EACH PROVINCE

Design	B.C.	Alta.	Sask.	Man.	Ont.	Que.	N.P.	N.S.	P.E.I.
	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.	\$ cts.
Humphrys—									
1.....	6,586 73	5,734 39	6,070 02		6,713 84	6,904 64	6,090 82	5,940 57	5,894 15
2.....	6,566 64	6,003 69			6,648 94	6,788 81			
3.....	6,197 01	5,509 27			5,947 05	5,750 08			
4.....	5,179 65	5,134 39	5,396 12	5,597 64	6,048 23	5,652 94	5,246 39	5,490 57	5,315 12
Rule Wynn Rule—									
1, 1A, 1B, 1C, 1D.....	4,815 40	4,617 68	5,219 19		5,882 55		5,220 31	5,270 56	5,294 82
2, 2A, 2B, 2C.....	6,521 81	5,597 35	5,952 35		6,605 22	6,956 91	5,989 01	6,284 44	6,071 09
3.....		6,065 57					5,045 35		
5.....							6,396 57	6,517 21	6,669 53
Alward & Gillies—									
2.....	6,891 14	5,309 29					6,326 59	6,554 68	6,752 72
2A.....	6,939 43	5,160 27					4,382 36		
4A.....		4,818 88							
Moody & Moore—									
1.....		4,737 90							
2.....		4,859 97		5,190 55					
3.....	6,787 83	5,537 22			6,860 00	7,258 94			
4.....		5,235 78		6,409 94					
5.....		4,078 89							
6.....	6,054 14	4,884 95		5,526 52					
7.....				6,199 13					
Van Norman—									
1 and 2.....	4,962 20								
3 and 4.....	5,541 38				5,519 36	5,411 88	4,344 36		
6.....	5,179 25	5,595 22			6,680 34	7,118 83	6,184 04	6,567 89	6,528 42
7 and 8.....	5,390 83				5,712 19	6,282 00			
9.....	5,402 33				5,536 15				
Savard—									
A1, A2, A3.....									
B1, B2, B3.....									
C1, C2, C3.....									
						5,638 37			
						6,879 29			
						7,775 39			

(Subject to adjustment on completion of cost audit.)









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